

JPRS-LAM-87-007

30 JANUARY 1987

# Latin America Report

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

30 JANUARY 1987

## LATIN AMERICA REPORT

## CONTENTS

## INTER-AMERICAN AFFAIRS

Tomas Borge Remarks on Southern Command, Contadora (Zoila Rodriguez Jovane; LA PRENSA, 15 Dec 86) .....	1
Caribbean Media Leader Raos Government Control of Broadcasts (THE TRIBUNE, 16 Dec 86) .....	3
Three Caricom States To Get Project Loans From CDB (TRINIDAD GUARDIAN, 31 Dec 86) .....	4
Briefs	
Chile, Bolivia Cooperation .....	5

## ANTIGUA AND BARBUDA

Prime Minister Lauded for Stand on U.S. 'Interference' (THE WORKERS VOICE, 3 Dec 86) .....	6
Investigator Named in French-Backed Airport Project (Various sources, various dates) .....	7
ACLM Organ's Charges .....	7
Nedd Appointment .....	9
Rickey Singh Commentary, by Rickey Singh .....	10
Paper Comments on Plight of Caribbean Migrant Workers in U.S. (Editorial; HERALD, 3 Dec 86) .....	12
Further Details on Status of Opposition Senators (Various sources, various dates) .....	13
Comment on Firings .....	13
Other Actions .....	14

Renewed Call From Union Leader for Trade Union Congress (HERALD, 3 Dec 86) .....	15
ATLU's Bascus Sees Union-Government Ties as Regional 'Model' (HERALD, 3 Dec 86) .....	16
ARGENTINA	
Jaroslavsky's Support of Full Stop Bill Decried (BUENOS AIRES HERALD, 28 Dec 86) .....	17
Briefs	
Merchant Marine Undersecretary .....	18
BAHAMAS	
Debate on Government's Proposed 1987 Budget Continues (THE TRIBUNE, various dates) .....	19
Text of FNM Statement .....	19
Civil Servants' Pay Freeze .....	27
Ingraham Comments, by Athena Damianos .....	28
Trade Union Congress Backs Electrical Workers' Demands (THE TRIBUNE, 16 Dec 86) .....	30
BARBADOS	
Barrow Critiques Relations With U.S. in Miami Speech (THE DAILY GLEANER, 12 Dec 86) .....	31
Central Bank Report Shows Deficit for Trade With Caricom (TRINIDAD GUARDIAN, 25 Dec 86) .....	35
BELIZE	
Official Comments on Guatemala-Meeting Speculation (CANA, 10 Dec 86) .....	36
BRAZIL	
Briefs	
Coffee Producers' Production Goals .....	38
Barreira do Inferno Launch Activities .....	38
Government Seizure of Imported Milk .....	38
Rio Grande do Norte Tremors .....	39
CHILE	
FPMR Members on Pinochet Attack, Political Views (Alejandro Stilman, Nora Anchart; EL PERIODISTA DE BUENOS AIRES, 6 Nov 86) .....	40



Chile: External Situation Analyzed (EL MERCURIO, 2 Dec 86) .....	46
Christian Leftist Plans Incompatible With National Accord (TERCERA DE LA HORA, 5 Dec 86) .....	49
UDI To Establish Legal Party Status (EL MERCURIO, 30 Nov 86) .....	52
Effect of Promissory Notes on Balance-of-Payments Questioned (EL MERCURIO, 3 Dec 86) .....	54
Gemines: Year-End Economic Overview (EL MERCURIO, 6 Dec 86) .....	56
Minimum Wage Cited as Major Cause of High Unemployment (EL MERCURIO, 2 Dec 86) .....	58
Briefs	
Party Formation Proposed	60
Privatization Considered Essential	60

#### COSTA RICA

Hasenfus Affair Belies Arias' Neutrality Policy (LIBERTAD REVOLUCIONARIA, 7-13 Nov 86) .....	62
GATT Membership Negotiations Under Way (Various sources, various dates) .....	67
Background, Benefits Described, by Maria Elena Carvajal	67
Role of Business Underscored, by Jorge Woodbridge G.	69
Commentary Questions Merits, by Alberto Venegas	72
Mora Refutes Destabilization Charges (Manuel Mora Valverde; LIBERTAD, 31 Oct-6 Nov 86) .....	74
Government, Opposition Urged To Collaborate (Editorial; LA NACION, 5 Nov 86) .....	76
Woodbridge Urges Government To Reduce Spending (Jorge Woodbridge; LA NACION, 13 Nov 86) .....	78
Briefs	
Three Ministries Created	80

#### CUBA

Use of State Property for Private Home Construction Examined (Manuel Gonzalez Bello; BOHEMIA, No 45, 7 Nov 86) .....	81
---	----

## NICARAGUA

'Rumors' Said To Cause Disturbances (BARRICADA, various dates) .....	94
Police Station Destroyed	94
Contra Radio Blamed	96
Anti-Alcoholism Campaign Started (Elsa Gomez Mondragon; BARRICADA, 17 Nov 86) .....	98
'Illegal' Peddlers Accused of Violence, Speculation (BARRICADA, various dates) .....	101
BARRICADA Journalist Attacked	101
New Plan To Curb 'Illegals'	102

## PARAGUAY

Radical Liberal Party Expels Hardliners (ULTIMA HORA, 24 Dec 86) .....	104
Colorado Party 'Ethical' Group Talks to Press (HOY, 19 Dec 86) .....	105
Colorado Group Member Interviewed (Antonio Salum Flecha Interview; LA TARDE, 19 Dec 86) ...	107
Nanduti Owner Reports Harassment, Threats (AFP, 31 Dec 86) .....	111
Briefs New Journalists Union Created	112

## ST LUCIA

Agriculture, Tourism Set Record Gains in 1986 (DAILY EXPRESS, 29 Dec 86) .....	113
Briefs Wage Freeze Offer	115

## TRINIDAD AND TOBAGO

Cabinet Official Says No Help Will Be Sought From IMF (Andy Johnson; DAILY EXPRESS, 3 Jan 87) .....	116
Declining Foreign Exchange Reserve Hurts Economy (George Harvey; TRINIDAD GUARDIAN, 30 Dec 86) .....	117
Responsibilities of Ministries, Other Offices Spelled Out (SUNDAY EXPRESS, 28 Dec 86) .....	118

Martineau Denies 'Angry Walkout' of PNM Officials (DAILY EXPRESS, 3 Jan 87) .....	119
Robinson Returns; Tobago To Get Deep-Water Harbor (Compton Delph; DAILY EXPRESS, 29 Dec 86) .....	120
Briefs	
Gordon Appointment Protest	121

/7310

INTER-AMERICAN AFFAIRS

TOMAS BORGE REMARKS ON SOUTHERN COMMAND, CONTADORA

PA151939 Panama City LA PRENSA in Spanish 15 Dec 86 p 32-a

[By Zoila Rodriguez Jovane]

[Text] Commander Tomas Borge, Nicaraguan interior minister and FSLN delegate to the 10th Permanent Conference of Latin American Political Parties (Coppal), which is being held at the Holiday Inn, said that "the fact that Panama is being used by the Southern Command as a political-military encirclement to invade Nicaragua, represents a permanent violation of the treaties the United States has signed with Panama and shows contempt for the agreements." Borge's statement was made exclusively to this newspaper.

Commander Borge said Coppal's expectations are very optimistic in regard to the reality, but that these have now been modified. He said that the conference has a heterogeneous and ideological nature, in addition to a homogeneous one regarding common factors "such as Latin American support for freedom from the imperialists' control."

Regarding the diplomatic situation between Nicaragua and Honduras, Borge pointed out that "Reagan has gotten himself into a predicament; a dead end which, without removing the dangers that exist in regard to Nicaragua, could force him to solve the situation within a very short period of time."

Borge said that Nicaragua has stated its points of view at various international organizations, and has presented formal protests at the United Nations and the International Court of Justice; he added that the only thing Nicaragua can do is to continuously report these U.S. abuses and violations of international law.

Borge also said the Panamanian people should keep all of this in mind, as it is an attempt to avoid returning the Panama Canal and to begin a reversal of the Torrijos-Carter treaties so that the United States can take permanent possession of the canal as a strategic platform to attack Latin American countries, especially Nicaragua.

Regarding the Contadora effort, Borge said that the existence of the negotiating group is natural, and that it has emerged as a needed answer for the Latin American countries. He added that the group has survived every attempt by the U.S. Administration to destroy it.

"I believe the group not only has the goal of surviving, but also of completing the objectives for which it was created."

In regard to relations with Honduras, Borge said that within the abnormality of Nicaragua's diplomatic relations with Honduras, certain normality exists. "There was an abnormality from the moment Honduran territory was used by the United States to train counterrevolutionary forces, and Honduras airplanes were used to attack political, civilian, and military objectives in Nicaragua."

"Despite the millions in support approved by the U.S. Congress, the anti-Sandinists have been defeated in strategic terms, Borge said, because most of the counterrevolutionaries have been forced to enter Honduran territory. Now the counterrevolutionaries want to return and the major obstacle they face is that the United States is pressuring the border sector to filter them through." [sentence as published]

On Irangate, Borge said that it is nothing more than the climax of a process of deep and extreme aggression by Reagan, which has led him to make efforts such as violating his country's laws and international law.

/9716

CSO: 3248/132

CARIBBEAN MEDIA LEADER RAPS GOVERNMENT CONTROL OF BROADCASTS

Nassau THE TRIBUNE in English 16 Dec 86 p 1

[Text]

BRIDGETOWN, BARBADOS, Dec 12 (CANA) — President of the newly inaugurated Caribbean Media workers Organisation (CAMWORK) Rickey Singh of Guyana, last night warned that press freedom in the region was under attack.

Singh's warning was issued in the monthly "Crossfire" programme, organised by CANA Radio, in which he joined two other panellists to discuss press freedom in the region.

The others were Dominica's Attorney General, Brian Alleyne, and retired Barbadian diplomat and part-time newspaper columnist, Olivier Jackman.

"... Freedom (of the Press) is under serious attack from a number of ruling parties in the Caribbean which are abusing their power by seeking to influence the newsroom staff of radio stations in particular," Singh said.

He singled out St Lucia, Antigua, Dominica, Grenada, and Guyana as examples, and said there are some reports of similar trends developing in St Vincent, although he said he needed more information before specifying St Vincent.

Singh accused some politicians of intimidating journalists "in the interest of narrow political interest, while claiming to be acting in the national interest."

"A lot of ruling parties in the Caricom region are running radio stations as if they are the personal properties of ruling parties," Singh declared.

Singh described freedom of expression as "a most vital foundation for the development of free and democratic societies in the Caribbean, particularly in the post-colonial era."

"The greatest vehicle for advancing freedom of expression is the Press," Singh added.

But he emphasised that freedom and responsibility are inseparable, hence CAMWORK's decision to stress emphasis on professional standards and integrity.

Singh accused Caribbean governments of deliberately not emphasising the public's right to information, "because in doing so they may be cutting their own throats."

"The right to information is being denied to a lot of people in the Caribbean," Singh said.

/9274

CSO. 3298/078

THREE CARICOM STATES TO GET PROJECT LOANS FROM CDB

Port-of-Spain TRINIDAD GUARDIAN in English 31 Dec 86 p 4

[Text]

THE CARIBBEAN Development Bank (CDB) has approved \$13.9 million (US) in loans to projects in Anguilla, Belize and St Vincent and the Grenadines.

It has provided a loan of \$2.1 million to the Government of Anguilla to assist the Anguilla Development Board in the continuation of its lending activities in agriculture, industry and tourism sectors and to initiate lending activity by the Board in the housing sector.

A sum of \$150,000 from the loan will also be used by the Board to continue lending to students wishing to pursue approved programmes of study at the post-secondary level.

Belize received a loan of \$2.15 million — the fourth for industrial estate development. The money will be used to assist in the construction of 4,459 square metres of factory space at the Ladyville Industrial Estate in Belize City over a period of four years.

Another loan of \$5.5 million will go to the Development Finance Corporation of Belize to assist it in continuing its on-lending programme to the agriculture, industry and tourism sectors.

### Primary Mortgages

In addition the line of credit will provide funding for primary mortgages using CDB funds for the first time in this area, and will enable the corporation on behalf of the Government of Belize to provide for the development of trained manpower in the country through the Student Loan Scheme.

A loan of \$2.7 million to the Government of St Vincent and the Grenadines will assist in financing a project consisting of nine sub-projects in the transport and water sectors in the Grenadine islands of Bequia, Canouan, Mayreau, and Union Island.

Loans of \$978,000 and \$463,000 have also been made by the CDB to St Vincent to assist in financing the rehabilitation of the country's banana plantations and restoration of critical infrastructure which suffered severe damage by storm and flood waters during September, 1986.

/9274

CSO: 3298/078

INTER-AMERICAN AFFAIRS

BRIEFS

CHILE, BOLIVIA COOPERATION--Rio de Janeiro--A permanent organ to promote industrial cooperation between Chile and Bolivia was established by the business representatives of the two countries which are participating in the 22nd Latin American Congress of Industrialists being held in Rio de Janeiro. The act that creates the "Chile-Bolivia Industrial Committee" was signed by Sergio Vergara and Federico Montes representing the Industrial Development Association of Chile and by Javier Lupo Gamara and Alfredo Arana representing the National Chamber of Industry of Bolivia. The recently created committee will be responsible for encouraging mutual information on industrial opportunities and prospects for potential business between the two countries with the general goal of contributing to the processes of integration and economic complementation. The president of the delegation of Chilean industrialists, Sergio Vergara, pointed out in a speech given during the congress that all the Chilean economic indicators have been positive. He cited the case of exports this year which will lead to a positive trade balance. The Gross Domestic Product will grow about 5.3 percent and industrial production will increase more than 7 percent. [Text] [Santiago TERCERA DE LA HORA in Spanish 30 Nov 86 p 20] 7717

CSO: 3348/137



PRIME MINISTER LAUDED FOR STAND ON U.S. 'INTERFERENCE'

St Johns THE WORKERS VOICE in English 3 Dec 86 p 1

[Text]

The Rt. Hon. Prime Minister Cde. Bird has at last decided that enough is enough with the alledged interference into the local politics of Antigua and Barbuda by outsiders, mainly the United States and the United Kingdom.

The P.M. is reported to have told the new American Ambassador to the region, that his government is aware of the determined efforts being made by the U.S. Administration to ensure that there is a return to the conservative rule in this country. To this effect they have been courting and promoting the rich middle class conservative leader of the new U.N.D.P., Dr. Ivor Heath.

It is an open secret that the present U.S. Administration would not like to see the countrys Deputy Prime Minister, Lester Bird take over the reigns of Government in this country. They realize that the P.M. is past seventy five years of age, and would obviously not in control much longer. They have accepted the P.M. over the last ten years or so, simply because he has mellowed with age, and is not the fire-brand he was, during his struggles against the Colonial Government in the early beginning of the Revolution. Whether it is because of Reagan's 'big stick' policy or not, the P.M. has lately told the American line, even sometimes to the embarrassment of his own foreign Minister. when he agreed with the mining of the Harbour of Nicaragua

by the C.I.A., the Deputy Prime Minister and Foreign Minister Lester Bird openly disagreed with him.

There are several other instances where the foreign minister expounded the Government foreign policy on certain issues to the states embassies abroad only to discover that the Americans attempted to interfere and intervene in policies (which they believed was not in the best interest of the U.S.A.) by pressuring the Prime Minister whom they know is obsessed with finding jobs for the people.

Recently the Deputy has become very outspoken on the subject and is reported that he has even offered to give up the foreign affairs portfolio if the trend is not reversed both the British and the Americans realize that it is more than likely that the Deputy will succeed the P.M. and he is his own man, he toes the line of no country. He is a pragmatist. He prefers to keep the country non-aligned. For this he is placed into the category as being too far left of centre by the Americans and British and therefore not acceptable.

This Newspaper fully supports the Government in its stand against non-interference in its affairs by the British, Russians, Americans nor anyone else. History is replete with American puppets having to run for cover from their own people. Let us not make that mistake. Our foreign policy must be spoken with one voice.

/9274

CSO: 3298/079

INVESTIGATOR NAMED IN FRENCH-BACKED AIRPORT PROJECT

ACLM Organ's Charges

St Johns OUTLET in English 5 Dec 86 pp 1, 2

[Text]

**Vere Bird jr** has had little or nothing to say in Antigua about the US11 million dollar loan which is the centre of local politics and has remained the focus of attention in France.

**Vere Bird**, Minister of Aviation and Information, was last heard from, giving no information, but protesting in the shortest speech ever heard in Antigua on a public platform that "my hands are clean", and that "I can stand up to any inquiry."

**Silent at home**, in the face of revelations that a French international firm, called in by the new French Foreign Minister to investigate the loan to, and cost of re-surfacing the V.C. Bird International airport, Vere Bird has been speaking to the international firm in its inquiry. And, according to French newspapers, making a fool of himself in several statements, to the further embarrassment of Antigua.

**Vere Bird jr** as Minister of Information never told the Antigua public that the French Government had mounted its own inquiry through, AFP, rated as "one of the most reputable international firms of engineering consultants" and

which international firm "specialises in the construction of airport installations".

**Vere Bird jr.**, as Minister of Information, never told the Antigua public that he himself was questioned in the French inquiry conducted by the international Engineering firm, which arrived at the conclusion that the cost of the Antigua airport re-surfacing project, according to AFP, "miraculously put at U.S.11 million dollars by Building Finishing System" was, in the considered view of this most reputable firm of engineering consultants, "severely inflated".

COUNTER-TRUTHS

**Vere Bird jr.**, according to revelations in a French newspaper, "attempted to lay the responsibility for the ultimate decision by COFACE [to grant the severely inflated loan to Antigua] at the door of the new French Government constituted after March 16, 1986."

The French newspaper pulled no punches and publicly stated in print in response to Vere Bird's assertion, that it was the new French government of Prime Minister Chirac which made the loan to Antigua, that Vere Bird jr's statement

**"Is obviously a counter-truth".** In other words, he was a liar, a purveyor of "counter-truths."

The news magazine continued; "Figaro Magazine in last week's issue, on the basis of the document published therein, showed that the final decision to grant the loan to Antigua was dated **26 November 1985**". Therefore it follows, that the decision could not have been made by the Chirac Government which took office **four months later** on March 16, 1986.

### LAUGHING STOCK

Continued I.e Figaro on Vere Bird's squalid "counter-truth": "If the Permanent Secretary of Monsieur Bariani (currently Secretary of State in the External Relations Ministry) met with Mr Vere Bird jr last May, the motive was precisely to acquaint himself with this **murky dossier**".

Vere Bird had told this counter-truth for no apparent reason other than to prevent the inquiry in France from going any further. Since, if the present Chirac Government made the loan they could be embarrassed by any further inquiry. This way a massive cover-up would have been effected covering-up both the French wheelings and dealings and the Antiguan dealings and wheelings with the US\$11.5 million Antigua airport loan.

In an already "murky" affair, which was "severely inflated" Vere Bird tells "counter-truths" to an international firm inquiring into what is now described internationally as **"the Antigua scandal"**. To scandal, Minister Vere Bird brings Antigua into further shame by being exposed as telling "obvious counter-truths"!

This **"obvious counter-truth"** along with his **'semi-literate'** letter, with a host of spelling and grammatical errors, to a French Minister has made Vere Bird jr an international laughing-stock.

### "DADDY WAS THERE"

Nor was this the only "counter-truth" told by Vere Bird jr. Pinned to the wall with an ACLM call for his resignation which French and German media have also reported, Vere Bird sought to pass the responsibility for the deal to his father the Prime Minister, or at least to implicate him in the loan negotiations in France. There was never a statement by Government Release here that Prime Minister V.C. Bird had ever gone to France to negotiate any loan. But Vere Bird jr now says that Vere Bird Snr was there not once, nor twice, but **several times!**

Said Vere Bird jr. "there were **several meetings** with him [Mr. Jean-Marie Baylet, former Secretary of State in the External Affairs Ministry] at which **my father**, my brother and Patrick Sabouret de Nedde, our government's adviser in connection with this project, **were present**".

Mr Baylet flatly denied that he ever met Prime Minister V.C. Bird in France or anywhere. Another "obvious counter-truth".

Why did Vere Bird tell this "counter-truth" to an inquiry conducted by an international firm on behalf of the French Government?

An Antigua Minister, lying before an international inquiry! No self-respecting, half-decent government would keep a Minister with such obvious "counter-truths" to an international inquiry on his record.

Nor is he done yet, seeking to implicate as well the former French Foreign Minister, Roland Dumas, Vere Bird jr also said "I discussed this affair with Roland Dumas with a view to promoting its progress". This he claimed was done after the original rejection of the loan by the French government.

Mr Roland Dumas has flatly denied

ever discussing "this affair" with Vere Bird jr and admitted only that at a luncheon "offered to the representatives of Latin America and the Caribbean at the UN in the Company of some 66 other guests which might have included Mr Bird". Other than that said Monsieur Dubois he "never met Mr. Bird."

**Again another "counter-truth"** from the Antigua Minister who is now seen to be enmeshed in a tangle of "counter-truths" of his own making in a poor "cover-up. Why is he "covering up"? After all, his hands are clean. Or, aren't they?

**The French international Firm L'AFP** concluded that the "estimate of the Antigua airport project costs over-all, do not exceed 30 million francs". In other words there was an excess of at least U.S.8 million dollars or EC20.8 million dollars! Where is the 20 million dollars? Vere Bird jr's response "Mobilisation fees". Another counter-truth. Counter-truth after counter-truth; in an endless stream of lies.

**Vere Bird having told** what the French bluntly called "counter-truths" to this French inquiry is said, in an official Antigua Government release to have "requested" an inquiry into his alleged wheeling and dealings with U.S.\$11.5 million loan funds here, in which wheelings and dealings, 14 million francs went to the French company with the English name, Building Finishing System, which promptly declared bankruptcy; a further 7 million francs to the same company for feasibility studies which have not been seen; a further 4 million francs to a Company called **Maryna**,

in which he and his French side-kick, Patrick Sabouret de Nedde, are said to be partners; and a further 3 million francs to the same Patrick Sabouret de Nedde "as Commission". At the same time the **Ministerial firm, Antigua Aggregates**, picked up the exclusive contract, to supply all the asphalt etc., without benefit of tenders.

**Vere Bird, who painted himself as Mr. Clean**, "requesting" a national enquiry, about which not a word has been heard since it was announced **three weeks ago**, must explain his several and awfully tangled web of "counter-truths".

**Meanwhile, Vere Bird jr** still holds the same Ministerial office pending an inquiry, an office in which, like Reagan's advisers recently caught in, the Iran arms-sales-deal and money-to Nicaraguan-contras scandal, he can 'shred' all vital documents which would incriminate him. Unlike Reagan's advisers, Vere Bird jr has refused to resign. And instead, has sought to implicate his father and brother, in the deal, implying in the process, that if he must resign, so too must his father Prime Minister Vere Cornwall Bird, 76, and his brother Deputy Prime Minister, Lester Bryant Bird, 48. The plot thickens. All are involved. All will be consumed.

**Vere Bird, teller of counter-truths**, must, as a matter of elementary decency be removed as Minister of Public Utilities, Aviation and Information before the bogus inquiry he "requested" convenes. At this inquiry, the public has a right to expect no more counter-truths, and if any, prosecution for perjury.

#### Nedd Appointment

Port-of-Spain TRINIDAD GUARDIAN in English 25 Dec 86 p 5

[Text] St John's, 24 Dec (CANA)--The Antigua and Barbuda Government has appointed retired Caribbean judge, Sir Archibald Nedd, to investigate alleged wrong-doing in a controversial multi-million-dollar airport rehabilitation project here.

Prime Minister Vere Bird made the announcement at an airport news conference on Monday, shortly after his return from the United States, where he held meetings with prospective investors.

Mr Bird said Sir Archibald, a former Grenada Chief Justice, would begin his probe into the contract conditions and cost of the \$11-million (US) project on January 12, next year.

"I can't run this country on speculation, so the Government has appointed Mr Justice Nedd to undertake the investigation of all these things I hear going around," Mr Bird said.

This was a reference to persisting Opposition allegations that all was not

well with the deal.

The independent inquiry was called for by Aviation and Communications Minister, Vere Bird Jr—the Prime Minister's son—who is at the centre of a controversy over the money borrowed by the Government, mainly from France, for the scheme.

The small leftist Antigua Caribbean Liberation Movement (ACLM) of Tim Hector, and the United National Democratic Party (UNDP), of Dr Ivor Heath have alleged that the \$11.1-million (US) price quoted for the project was grossly-inflated.

Their suspicion was aroused by an article in the French magazine *Le Figaro*, which charged that there was misconduct on the part of French offi-

cials when the project loan was approved.

As a result of mounting speculation by the foreign and local Press concerning the loan, Government invited two officials of the International Civil Aviation Organisation (ICAO) and the United States Federal Aviation Administration (FAA), early last month, to analyse the airport rehabilitation project.

The Prime Minister said he hoped their report had arrived or that it soon would.

"I am not defending Mr Vere Bird more than any other member of the Cabinet, and I hope the report is here or will soon come," Prime Minister Bird said.

### Rickey Singh Commentary

Port-of-Spain DAILY EXPRESS in English 31 Dec 86 p 8

[Commentary by Rickey Singh: "An Antiguan \$11M Mystery"]

[Text]

**ANTIGUA and Barbuda is often thought of by many of its visitors as the "Land of the Birds" and of juicy rumours of political corruption in high places.**

On November 1, the twin-island state marked its fifth independence anniversary with the Government of Prime Minister Vere Bird trying desperately hard to assure its citizens and international debtors that *no* corruption is involved in a US\$11 million expenditure to resurface the country's international airport.

All three of the powerful Birds of what is seen as a kind of family government—V.C. Bird (Prime Minister), V.C. Bird, Jr. (Minister of Public Utilities), and Lester Bird (Deputy Prime Minister and Foreign Minister)—have been deeply upset ever since news about the alleged US\$11 million rip-off broke in the French news magazine, *Le Figaro*.

At the time of writing, Prime Minister Bird was disturbed enough to announce that his government was seeking the assistance of two international aviation experts to make an independent assessment of the airport resurfacing project in the light of widespread unfavourable publicity about the US\$11 million expenditure (EC\$28.6 million).

According to a World Bank report of January 3, 1985, and the

subsequent article of last October 16 in *Le Figaro*, these aviation experts are going to be faced with a very difficult assignment since the original estimate of the airport project was just US\$750,000.

The French Government has an interest in this amazing story of how an airport resurfacing project that was estimated to cost US\$750,000 ended up as an US\$11 million expenditure in just two months of actual work.

French official interest is related to the involvement of French Government and private banking representatives, who facilitated the US\$11 million loan to the Bird Government through a company called Building Finishing System (BFS).

This company declared itself bankrupt on July 13 this year and, therefore, cannot now repay its debt that was guaranteed by the Commission for Guarantees and Credit for Foreign Trade, a French public sector organisation.

A former French Government official, who played a key role in facilitating the loan, has been requested to assist the French authorities in their probe into this US\$11 million affair that has become a source of much embarrassment to the Bird Government.

Public Utilities Minister, Vere Bird Jr, in defence of the expenditure by his Ministry, said last month, following the *Le Figaro*

story, that the World Bank estimate was done in 1981.

But in its document issued on January 3 this year, the World Bank maintained that "the overall cost of resurfacing the Antigua airport at US\$750,000."

The political opposition to the Bird Government, primarily the United National Democratic Party (UNDP) of Dr Ivor Heath, and the Antigua Caribbean Liberation Movement (ACLM) of Mr Tim Hector, have been crying "scandal" and "rip-off," and demanding resignations.

The government, of course, is in no mood to oblige its opponents, claiming that they were merely seeking to score political mileage.

According to a recent edition of *Outlet*, weekly organ of ACLM, the French Government made this available to *Le Figaro* relevant documents between the Bird Government and other parties in France involved in the US\$11 million deal.

Following the completion of the resurfacing of the runway at the airport, now known as V.C. Bird International Airport, French engineers were sent to Antigua by the French police.

They have confirmed to the French Accountant General that the seven-inch layer of asphalt "could hardly cost US\$500,000."

Vere Bird, Jr. said that his government has an obligation to



replay the US\$11 million and had already paid about US1.3 million.

What the Government's opponents would like to know, and also, it appears, the French authorities, is the information that, hopefully, would explain how a project seriously estimated to cost US\$750,000 has, after two months of work, ended up as a US\$11 million burden to the taxpayers of Antigua and Barbuda, and with the facilitating company, Building Finishing System, in bankruptcy?

*El Figaro* has painted quite an unflattering picture of Antigua and Barbuda in its report on the US\$11 million story.

"Antigua," it reported, "is not lacking in charm but has a bad reputation. The island is a hide-away for certain weird, questionable, individuals, privateers on the run or drug traffickers. The absence of an extradition treaty with France makes the island an agreeable location for swindlers of all types to play hide and seek with the law..."

In contrast to this view, the Government's Tourism Attache, Althea Van Der Poole, in an obvious public relations supplement in *Caribbean Times* to mark the country's fifth anniversary of independence from Britain, was inviting tourists to "come to Antigua and Barbuda," the country where "the rich and famous," enjoy the good life.

"For years," said the Tourist Attache, "Antigua has been the home of the Mill Reef Club where the world's millionaires have established their winter homes..."

In *The Other Side of Paradise*, which deals with foreign control in the Caribbean, the authors have presented their own analysis of Antigua and Barbuda, declaring that "more than in most Caribbean islands, tourism in Antigua is

characterised by gambling, drugs and prostitution..."

Last September, the *Miami Herald's* experienced reporter on the Caribbean, Don Bohning, in writing of the "Birdland" Government in St John's after a visit to the twin-island state, said:

"Probably no other family in contemporary times has dominated a democratic government as the Bird family does Antigua. Not everyone on Antigua is happy: A fragmented opposition complains of conflicts of interest, corruption and government high-handedness.

"There are also rumours of a rift within the family over who will succeed Pap and there are divisions within the Government party. Make no mistake, however, that despite those annoyances, Antigua is still Birdland..."

At 76, Prime Minister Bird, who led his Antigua Labour Party to a smashing election victory in 1984, sweeping 16 of the 17 constituencies, boasts that he will lead his party into another victorious election.

When I passed through Antigua recently, I received further information that this expressed confidence on the part of the aging and ailing Bird is misplaced and not shared even by those very close to him. Hence, the internal conflicts about who is "the most able and likely successor."

Lester Bird, for one, is said to be the main challenger, although he maintains, as chairman of the party, "that there are no divisions among us."

Fragmented though they may be at this time, the political opponents of the so-called "Birdland government" feel, and not without good reasons, that they stand to benefit from the credibility factor that now seems to be haunting the regime in St John's.

PAPER COMMENTS ON PLIGHT OF CARIBBEAN MIGRANT WORKERS IN U.S.

St Johns HERALD in English 3 Dec 86 p 4

[Editorial]

[Text]

The following news-item was broadcast around the region last week;

"Almost 200 Jamaican sugar cane harvesters were among several hundred workers from the Caribbean who were dismissed and subsequently put out of Florida last week.

A spokesman for the group said that Jamaicans arrive from Florida last week alleging armed soldiers with dogs chased them from their camp the Saturday after a strike for increased wages.

The spokesman said workers from Barbados, Jamaica, Dominica, Grenada, St. Lucia, Trinidad and Tobago and St. Vincent and the Grenadines were also fired.

Labour Minister J.A.G. Smith said government was attempting to obtain details on the matter and promised to collect their wages and possessions.

Most of the Jamaicans arrived without money or belongings and dressed in casual clothes."

On the matter of the expulsion, this paper feels that although none of our country men were involved in the expulsion, we here in Antigua and Barbuda must show our concern and revulsion to the slave-like treatment to which the workers are subjected. For, as sure as Jamaicans, Bajans, St. Lucians, Dominicans, Trinidadians, Vincentians and Grenadians were rounded up by armed soldiers and chased by dogs, so too would Antiguan and Barbudans who in the future may find employment on the scheme, be treated, if this ghastly affair is not nipped in the bud.

Further, we are "our brother's keeper", in the Caribbean and any issue affecting one affect us all.

Reports state that several hundred Caribbean sugar cane harvesters were dismissed and put out of Florida because they took part in a strike for more pay.

Arriving at their several destinations, all the workers gave the same reports of armed soldiers and being chased by dogs.

The state of Florida and its agricultural institutions have an unsavoury reputation for subjecting immigrant workers to conditions well below the standards laid down by Trade Unions and the International Labour Organization.

No doubt, along with better wages, the workers also went on strike for better working conditions.

This paper therefore supports the call by Barbadian Labour Minister, Wes Hall, for a meeting of Caribbean Labour Ministers to discuss the matter. We also urge that this meeting takes place as a matter of urgency. Among other things, we would wish that a review of the contract and the conditions under which Caribbean workers are employed in Florida, feature prominently on the agenda. Compensation for the workers to cover such things as mental anguish, should also be considered.

A joint statement protesting the treatment meted out to the workers should also be made to both the state of Florida and the U.S. Government.

FURTHER DETAILS ON STATUS OF OPPOSITION SENATORS

Comment on Firings

St Johns OUTLET in English 5 Dec 36 pp 1, 2

[Text] So-called Opposition Leader, Eric Burton, who holds the only seat in Parliament for Barbuda, and who is said not to be a member of the ruling ALP which holds all the other parliamentary seats, recently fired two opposition Senators whom he appointed to the Senate. Both dismissed Senators are Barbudans.

The two dismissed Senators are veteran politician and former Minister in the Bird Government up to 1968, McChesney George, and the new bright-star in Barbuda's politics, Arthur Nibbs.

In the case of McChesney George, Burton said he was fired from the Senate for "unfairly criticising the government". He did not substantiate the charge of unfair criticism.

Mr McChesney George was the leader of the opposition in the Senate by virtue of his fearless criticisms of the government. In a recent and notable Senate meeting before being dismissed, Senator McChesney George actually named the names of Ministers Lester Bird, (Foreign Affairs), Robin Yearwood (Agriculture) and Hugh Marshall (Minister without portfolio with 'portfolio' for Trade) who were shareholders in the Sand Company which was mining sand in Barbuda and selling the sand at what were considered as exorbitant rates.

As a result of McChesney George's criticism and the original exposure in both OUTLET and the Government connected Workers Voice, the Bird government decided that the Sand Company had to change hands. The Sand Company is reported to have been sold to Antigua Aggregates, a company which has among its shareholders Ministers Lester Bird, Robin Yearwood and Hugh Marshall. From Caesar to Caesar.

Practically every Wednesday, immediately after Cabinet, these three Ministers, along with Minister without portfolio Henderson Simon, meet at a downtown restaurant, under the chairmanship of American financier, Dave Strickland, who headed the Sand Company and is a principal shareholder in Antigua Aggregates. Antigua Aggregates supplied all the asphalt, bitumen and stones used in the "severely inflated" US\$11.5 million airport re-surfacing project.



In the case of dismissed Senator Arthur Nibbs he was dismissed for "consorting with the opposition." Mr Nibbs had appeared on an Opposition public platform to put the case of Barbudans against the Sand Company.

It is the first time in the political history of the Commonwealth Caribbean that Opposition Senators have been dismissed for fulfilling their task of providing opposition to Government policies or for 'consorting with the opposition.'

Oddly enough, Senator Nibbs was fired from the Senate for his appearance on an UNDP platform, but Senator Charlesworth Samuel who is a full fledged member of the UNDP and who was officially appointed by the same so-called Opposition Leader Eric Burton has retained his position in the Senate. Senator Charlesworth Samuel former PLM Deputy leader, later UPM candidate, now UNDP member, is said to be very partial and well disposed to substantial salary increases for Ministers and Opposition Senators. Senator Samuel is on the Bird Parliamentary Committee to review parliamentary salaries. The Committee is expected to recommend a further and huge increase in Parliamentary salaries.

#### Other Actions

St Johns HERALD in English 3 Dec 86 p 3

[Text]

**One of two senators dismissed by the Leader of the Opposition in the Lower House, Mr. Eric Burton, has again been appointed as Senator.**

Arthur Nibbs, who along with Mr. McChesney George, had his senatorial appointment revoked by the Governor General, will be sworn in as a senator at the next

meeting of the Upper House. His re-appointment was made at the request of the Barbuda Council. Nibbs and George were fired because they aligned them-

selves with the Party of secessionist Hillbourne Frank. That action gave Frank's party (Barbuda's People's Party) the majority seat on the Council.

The Council then revoked the appointment of Senator George James, who it considered was "a Burton-man."

James is said to have been named by Mr. Burton to fill one of the two vacant seats, and a second person will soon be named.

/9274  
CSO: 3298/079

RENEWED CALL FROM UNION LEADER FOR TRADE UNION CONGRESS

St Johns HERALD in English 3 Dec 86 p 3

[Text]

**A top trade union official has issued a renewed call for the establishment of a Trade Union Congress in Antigua and Barbuda.**

President of the Antigua Workers Union, Mr. Malcolm Daniel, made the call at the opening of a trade union seminar at Emancipation House on Monday.

He said such a congress would advance the cause of workers in the country.

He was supported by the International Labour Organization representative, Mr. George DePeana, who said there are many benefits to be derived from the establishment of such a body.

Several attempts in the past to organise trade

unions have been futile, and many believe that the close affiliation between the two major trade unions and opposing political parties, has been chiefly responsible.

This week's seminar is sponsored jointly by the ILO and the Danish International Development Agency in Association with the Public Service Association, the Antigua

and Barbuda Union of Teachers, the Antigua Nurses Association, the Antigua Trades and Labour Union and the Antigua Workers Union.

The participants are looking at "the importance of economic education for workers". Labour Minister, Hon. Adolphus Freeland, formally opened the seminar.

/9274

CSO: 3298/079

ATLU'S BASCUS SEES UNION-GOVERNMENT TIES AS REGIONAL 'MODEL'

St Johns HERALD in English 3 Dec 86 p 3

[Text]

**Trade Unionists and Government officials from other Caribbean territories are quite impressed with the Antigua Model of Development where Government and Trade Unions are party in the political and economic process, said AT&LU General Secretary Senator Robin Bascus.**

He said that this is one of the interesting features coming out of a weeklong seminar in Curacao on the subject Union/Party/State.

He noted that Antigua

was of particular interest because it stood out among the other OECS states as the most economically advanced.

According to the Union official, Antigua was the only Caribbean territory represented which had a Prime Minister drawn from the ranks of Labour and with Cabinet Members with Trade Union background.

"Antigua was the envy of the other territories when I told them that our Cabinet Ministers are accessible to Union Leaders," Senator Bascus declared. He stated that in

other territories union officials have to make appointments weeks in advance if they want to see a minister.

He said however, that he made it clear that although his union is affiliated to the ruling party, it reserves the right to disagree with the Government on any policy the union feels is not in the interest of workers.

Senator Bascus said he answered many questions concerning the unique relationship between government and union as practiced in Antigua.

/9274

CSO: 3298/079

JAROSLAVSKY'S SUPPORT OF FULL STOP BILL DECRIED

PY292208 Buenos Aires BUENOS AIRES HERALD in English 28 Dec 86 p 15

[Text] (NA)--The Jewish Movement for Human Rights yesterday expressed its "categorical repudiation for the reiterated provocations" perpetrated by Radical Lower House Majority leader Cesar Jaroslavsky, whom the organization compared with the Nazis during World War II in the extermination of millions of other Jews.

The group recalled that Jaroslavsky had qualified those who gathered in front of the Congress building to protest the passage of the "full stop" law as "terrorists," and expressed its opinion that "one of the chief promoters of terrorism is Jaroslavsky himself, who has turned into the lapdog of fascism and an errand boy for genocides."

The organization's statement said that "during the terrible years of the holocaust during World War II there surfaced a nefarious figure known as the Judenrat.

"These were Jewish collaborators, usually of bourgeois origin, whom the Germans named as foremen over their condemned brothers and sisters. Jaroslavsky has become a contemporary version of the Judenrat," the statement said.

The statement signed by the president of the organization, journalist Herman Schiller, denounced what it called the "provocations of this person (Jaroslavsky) and all other accomplices who sealed this hated law with their approval.

"There will never be a 'full stop'," the organization said, "as long as the murderers remain unpunished and the people, headed up by the white scarves (of the Mothers of Plaza de Mayo), keep fighting for authentic justice."

/9599

CSO: 3300/7

BRIEFS

MERCHANT MARINE UNDERSECRETARY--As he was sworn in as new Merchant Marine undersecretary, Eduardo Mascari yesterday called for an effort from businessmen, workers, and government officers to "reverse the difficult situation" the Merchant Marine sector is facing. "The Argentine situation must not be ignored and we have the obligation to improve it," Mascari pointed out, in a clear reference to union leaders. Workers have to understand that the public sector cannot always solve their need, the new undersecretary said. Mascari was sworn in by Merchant Marine Secretary Pedro Casado Bianco, who commented the good work done on the post by outgoing Undersecretary Luis Siquot Ferre. Presiding over the ceremony was Public Works and Services Minister Pedro Trucco. [Text] [Buenos Aires BUENOS AIRES HERALD in English 29 Nov 86 p 13 PY] /9599

CSO: 3300/7

# DEBATE ON GOVERNMENT'S PROPOSED 1987 BUDGET CONTINUES

## Text of FNM Statement

Nassau THE TRIBUNE in English 16 Dec 86 pp 4, 6, 10, 11

[Text]

**AN FNM Government will be a "government up front" with no middlemen, no bagmen, no hidden clauses or clandestine kick-backs. Shadow Prime Minister Kendal Isaacs told the House yesterday as he outlined his party's proposals at the opening of the Budget debate.**

Mr Isaacs, who pledged that if his party won the government, the FNM would restore confidence in the Bahamas, said: "No intimidation or victimisation. Government up front, Sir, every trip, all the time, that is the nature of confidence, and that is the essential ingredients the FNM sees for the economic reconstruction of the Commonwealth of the Bahamas."

He said it was impossible not to "point accusing fingers in all the areas of neglect, bad planning, sloppy administration, and rash, senseless and unproductive use of the taxpayer's money."

Following is the complete text of Mr Isaacs' remarks on the Budget Communication, which was tabled last week by the Prime Minister:

### MR SPEAKER:

I was heartened when the Rt Hon Prime Minister, in his 1987 Budget Communication took us back to some references he had made in his 1986 Budget Communication. If he had not

mentioned it, I and, undoubtedly some of my colleagues, would certainly have brought to his attention certain elements of the Communication of November 25, 1985. It would seem that the passage of 12 months has thrown the government off the course which the Prime Minister had for the country.

We will advise this Honourable House of the corrective measures which will be taken by a government of the Free National Movement, which will have to oversee the affairs of the Bahamas for at least the second half of 1987.

The duty of any loyal opposition in a well-ordered society is to oppose. It can never be said that we on this side of the House have not upheld that noble tradition with vim and vigour. We have peppered them when peppering was needed to knock into the heads of those on that side of the House some of whom talk and act inside and outside this Honourable House as if they have no sense at all.

We have, in the words of Hamlet, taken arms against a sea of troubles and, by opposing, we hope to end them. We are indeed a troubled nation. Evidence of the financial and economic troubles of this country has been, believe it or not, strewn through and through the 1987 Budget Communication. We see those troubles, and a great number of

the Bahamian people see those troubles. We have been able to see them because we and the Bahamian people have long ago discarded the rose-coloured glasses of childhood.

We have come to this assembly to debate the 1987 Budget Honourably, effectively, and responsibly. We have not come armed only with the red marking pencils to say no, and let it go at that. We have come with alternatives to which a free and democratic people are entitled.

That is our posture because we have long been convinced — and that conviction was strongly underscored by the Prime Minister when he tabled the 1987 Budget — that the present government does not have the answers to what is troubling the economy of this country.

### FNM HAVE THE BABY

Almost two decades ago the Progressive Liberal Party took over the leadership of the Bahamas. For all these years they have held that precious cradle close to their chest. Yet events have indicated — and history after the 1987 General Elections will confirm — that the PLP may indeed have the cradle, but we in the Free National Movement have the baby.

### MR SPEAKER:

As the Prime Minister quite rightly pointed out, over the past 12 months the Bahamas

has gained some international notice through our involvement in matters which touched the region and the world. As the Prime Minister has reminded us, for example, the Caribbean neighbours of the Bahamas, at the World Bank and International Monetary Fund meetings in Washington recently invited the Bahamas to participate in a programme articulating the unique concerns of small island states.

Additionally, it will be recalled that the opposition, this summer, went on record as supporting the Prime Minister's efforts in the fight against apartheid in South Africa.

All of this, we feel, has augured well for the Bahamas as a member of the international community ready to make its contribution and earn its place in the world. However, national economics has much to do with sustaining such status and we are not at all convinced that in this regard, the Prime Minister and his government have spent as much time and energy on a realistic and workable economy at home as is their primary responsibility.

MR SPEAKER:

Historically, the Budget ushers in the season of lengthy discourses on the Floor of this ancient chamber. They have been known to go on through the wee hours of the morning, because with the Budget, all must be said and all must be done by both sides to make the best of what is sometimes a bad meal.

Not only that but all must be seen to be said and seen to be done — like justice. And if we on this side of the House seem to be grinding out many words, shedding the tears of Rachel weeping for her children and generally criticizing this fairy tale Budget, you will understand that we are being cruel only to be kind, that we are ensuring that justice is indeed done and seen to be done.

None of us in this Chamber or in this country, Mr Speaker, can forget that this Budget which the Prime Minister has presented, together with his remarks, is the last that the government will present before this country goes into a General

Election.

The Government is fully aware that its track record, especially over the past five or six years, has been far from enviable. This Budget is being presented by a government under siege both from within and from without.

It is a government which has come under critical scrutiny by a top-level Commission of Inquiry appointed by itself. Members of the governing party have been brought into disrepute. One, a Minister at the time, was found to have accepted money and gifts from drug dealers. Another Minister was found to have been fronting for (a New England organized crime figure), whether he realized it or not. The Commission of Inquiry could not say for certain whether some of the Prime Minister's funds were non-drug related.

It is not my intention, Mr Speaker, to regurgitate all the other foul details of the Inquiry. God knows that the honest, law-abiding citizens of this country have borne much of that over the past two years.

#### PIPE DREAMS

But it is my intention, Mr Speaker, to put this Budget debate in its proper perspective. For the Members of this House, for the people of this country, and for the outside world, whose waning trust and confidence in the ability and honesty of the PLP government, many of the projections and the hopes of the 1987 Budget are mere pipe dreams.

The government knew long ago — and especially since earlier this year — that it was in no position to present a realistic Budget to this House. They knew they could not honestly project all the increases in tourism, banking and other sources of revenue because confidence in the government has been badly eroded at home and abroad. The government had to go scrounging about to hold on to what big business has remained here and to try and bring back some — like captive insurances — who had packed up and left.

But there is an election in the air, Mr Speaker, and this is an Election Budget. In 40 pages of

typewritten manuscript the Prime Minister has attempted to get away with every outlandish promise, every sooth-saying projection, every pie-in-the-sky bit of sweet talk he could muster. He hopes to be able to push the Budget through, then call an election and go to the polls before anyone realises he cannot deliver one half of what he is promising.

The Opposition is also acutely aware that this is the last Budget debate before the General Election — and that is why we feel it is so important that we look carefully at what has been presented to us, we must suss out what has been put there merely for election adornment. We must strip away from this 1987 Budget the fancy trimmings put there more to get votes than because they are part of a meaningful national plan for the Bahamas.

Mr Speaker, as we go through this debate, others of my colleagues will be enlarging on some of the points to which I may only briefly refer.

It is impossible for us not to point accusing fingers in all the areas of neglect, bad planning, sloppy administration, and rash, senseless and unproductive use of the taxpayer's money.

The Prime Minister has commented on international economic developments, developments in the United States, and developments in the Caribbean this was all valuable information, and quite correctly set the background against which we are supposed to evaluate the Bahamian situation.

Unfortunately, the Prime Minister seemed to have run into some problems from the beginning of the session labelled domestic economic developments straight through to the end of the communication — which is capital development 1987.

I say he must have run into problems, because there seems a terrible want of harmony between the research projections and realistic evaluations in his discussions of the world, the American and the regional economic situations, and the jumbled, inconsistent and some-



times contradictory evaluation of the situation at home.

Now I am aware that in looking at the world, the United States and the Caribbean, the Prime Minister and his advisers had the advantage of referring to scholarly journals and reports, which have the facts and figures straight, and which have no political axes to grind, even the quarterly review of the Central Bank of the Bahamas must have been extremely helpful, because we readily recognise the Budget's extracts from this valuable source.

We feel that the remainder of the Budget Communication could have had so much more effect, and certainly would have been more believable and more acceptable had it been based on the same calibre of research and on an equally credible system of forecasting and projecting.

MR SPEAKER:

We all know — and it is constantly said in this House — that the economy of the Bahamas and the economic development of these islands cannot be considered separate and apart from those social maladies and disruptive forces which combine to paint a particular image of this country.

#### THE IMAGE

It is the nature of that image which either attracts or repels the tourists. It is the nature of that image which either inspires confidence or entrenches mistrust on the part of the investor. If we have neither — or if their numbers decrease then the economic base of the Bahamas is adversely affected. In the absence of a national economic plan, chaos will soon follow.

We must know where we are going, we must know how we are going to get there, and, most importantly, we must know what we will do when we get there. That is the basic philosophy behind a national plan, and that is the philosophy advocated by the Free National Movement.

We say this year after year — Budget debate after Budget debate — and nobody takes a hint. When the Government was years from a general election, we were saying this. The

Government never listened; they never sat down and attempted to put together an economic plan on which they could build as the years passed. Now they have come with another Budget — the last in their administration — and still there is no national plan, there is only a collection of loose items which will not somehow come together to represent some kind of work schedule.

That is no way to run a country, that is no way to run a government we can no longer be content with selling candies out of a jar, where, when one jar is empty, you run quickly to Mr Mortimer to buy another.

As a developing country with the necessary infrastructure and with local international expertise properly utilized we will operate this country in a more sensible fashion. That is the precise intention of the Free National Movement, and as we address this matter over the next few days, my colleagues and I will tell the nation how we plan to do that. But first we must clear the decks.

Nothing is steady here, Sir, and the only place anything seems to be going is down. I beg to correct that, Mr Speaker, there appears to be at least one thing that is going steadily up in this country and that is unemployment.

I note with interest that the Prime Minister in his Communication commented that "the most vexing problem in the global economy today is still unemployment." He went on to say that "the slowdown in output which is projected internationally for 1986 will do little to improve the situation in developed or developing countries." He said that unemployment in industrial countries is expected to rise from 8.2% in 1985 to 8.3% this year.

What we waited to hear later in the communication was the official figures on unemployment in the Bahamas. Surely, it must be against such a figure that any sensible government would project the country's prospects and declare how in its economic plan, it is intending to cope with such unemployment and to institute measures to

reduce the level of unemployment.

The government has long been tight-lipped about the real rate of unemployment in this country. Yet it must be an open secret, since every Bahamian who is unemployed must know that he is unemployed, either because he wants to be unemployed or because he cannot find a job.

Yet unemployment is a very real part of life in these islands, and if the government is not prepared to face that reality and do something about it, the Free National Movement certainly stands ready to take this bull by the horns and wrestle it to the ground.

The Prime Minister, in the late 1970s — almost a decade ago — promised the Bahamian people that this country would see full employment by 1980 that has obviously not happened. The latest promise is that there will be full employment by the end of 1986 — the same year the Bahamas would welcome three million tourists.

Well, the tourists might be coming, but there is no way the Prime Minister and all the superstars in his government can convince me or the Free National Movement or the people of the Commonwealth of the Bahamas that there is full employment now, just days before the end of 1986. What happened?

Last year it was estimated — by the government's own reckoning — that there were 21,000 Bahamians without jobs. Since this time at least 4,000 students have left school and hit the job market. It can be safely estimated at this time that the total number of unemployed must be in the neighbourhood of 25,000 by the Government's own reckoning. That is certainly too high a figure for a small country of fewer than a quarter of a million people with a potential work force of about 100,000.

#### BACK TO WORK

Our proposition is to put Bahamians to work. It will take a period of economic reconstruction to place every Bahamian in jobs, but in the meantime, it will be the urgent priority of an FNM government



to create whatever employment is necessary as soon as possible to get people working, to get young people off the streets; and to rid the society of those social ills which thrive on the availability of so many idle hands.

We have plans, and have already made contacts to create labour-intensive light industry which will not only broaden the country's economic base, but will also put Bahamians in positions from which they can master new trades and find new opportunities in the changed, purified Bahamas towards which the new direction is headed.

These are not pipe dreams, Mr Speaker, these are the realistic ambitions of a loyal opposition which is not waiting for the inept government of the PLP to topple before we begin devising the orderly economic reconstruction of this country.

We have heard much about trade schools, re-training programmes and half-way houses to help people who are considered unemployable. We have heard about those plans, Mr Speaker, year after year, but up to now there are few unemployed Bahamians who can stand up and tell you that they have seen and have benefitted from any of these proposed schemes.

The FNM's shadow ministers have done more than talk about this important issue. They have done their homework in this area, and know how we will effect training programmes and self-help schemes to get the unemployed youngsters off the streets, into classrooms, and then onto meaningful jobs.

We do not offer empty, election-gear'd promises of pies in the skies, unverifiable facts and figures, or forecasts seen through rose-coloured glasses, but a positive projection of the Free National Movement's plans to broad-base the economy through the injection of local and outside capital ... capital which will be reluctant until the Free National Movement reinstates confidence in this country.

And how will we reinstate that confidence? It is simple, Mr Speaker we will do it with

National pronouncements of precisely where the country is, where the country wants to be, and how the country, under the FNM government, plans to get there.

For too long, Sir the investor in search of direction in the Bahamian economic community, has come face to face with too many differing policies. He doesn't know where to turn, because this ministry tells him one thing and the other ministry tells him another. This government department sends him to a second department, which tells him that he really ought to have a chat with the Minister.

Unfortunately, too often the investor finds the reason he is really getting nowhere is because he made the initial mistake of not going through the ubiquitous middleman, or bagman, so he must either re-trace his steps, pay the bagman, and move on from there, or he must return to wherever he came from and wait for a government of the Free National Movement to come to power because then he will be confident that the front door is the only door through which he will ever be required to come.

#### UP FRONT POLICY

He will be told our policies up front, he will be told what the government is prepared to offer him and on what terms, and what the government expects him to give back to the Bahamian people, and on what terms. More than that, he will be given the broad overview of the government's plans for the economic development of the Bahamas, so that he will be able to organise his own affairs to take advantage of additional opportunities should he so desire and should his aspirations coincide with the national plan.

No back doors, Mr Speaker, no middlemen and no bagmen, no hidden clauses or clandestine kick-backs. No intimidation or victimisation. Government up front, Sir, every trip, all the time, that is the nature of confidence, and that is the essential ingredients the FNM sees for the economic reconstruction of the Commonwealth of the Bahamas.

In light of that statement,

and before I move on, I should like to remind the House that this is far from a new posture on the part of the Free National Movement. Even before the sitting and the report of the Commission of Inquiry, the Opposition was well aware that the image of this country had been damaged abroad largely by the indiscretions and, on occasion, the outright criminality on the part of some persons who actually sat in the government and others who peddled influence with persons in the government.

We were aware that not only was it noised abroad that certain persons in the Bahamas government were corrupt and were on the take, but, more heinously, that some persons in the government were actively on the take from drug dealers and drug smugglers, even as their Bahamian brothers and sisters were dying from the gross prevalence of cocaine on the streets of this country.

I say this to say, Sir, that we were never an opposition which was unaware. We were often suppressed in this chamber when we rose to speak, or our pronouncements carefully eliminated from broadcast on the people's own communications media.

When, Mr Speaker, in 1982 the Free National Movement published its revision of the party's declaration of commitment, that was long before the Commission of Inquiry met and reported. That was before Brian Ross of the National Broadcasting Corporation told the Bahamas and the world his story of drug trafficking in this country. That was before September 1985 when London's Sunday Times Magazine published its in-depth feature about "Paradise Lost" in which it lay bare skeletons in the Government's closets. It was also before the Miami Herald published its special supplement in which it described this once-proud Bahamas as "a nation for sale."

We were aware long before all that, Mr Speaker, and in the Free National Movement's declaration of commitment in 1982, we had this to say:

"The Free National Move-

ment pledges to restore morality to Bahamian politics and government. We regard this as a cornerstone of the foundation upon which all the planks of our platform must rest. The nation now stands aghast at the corruption which afflicts the present administration, and the first duty of an FNM government will be to restore to the people faith in honest government. We will not tolerate corruption at any level, and we recognize that for corruption to be rooted out from all levels of public service, it must first be rooted out from the top. An FNM government will deal promptly and effectively with any cases of corruption which should arise during its tenure of office."

#### CONFIDENCE NEEDED

Mr Speaker, that was contained in our platform of 1982. That was the platform which we took to the Bahamian people during the General Elections of 1982. That is still essentially our view as we go to the people in the General Elections of 1987 and, Sir, let me assure you that we are still speaking of confidence in these islands. It is confidence which underscores the economy of any democracy, and I say that confidence in this country — or the lack of it — is what must be the touchstone of any debate on the Budget in this House.

My point was to remind this House, and the Bahamian people, that what the Commission of Inquiry and the Foreign Press discovered in the last few years had already been recognized by the Free National Movement, and protection against its recurrence enshrined in what we do not simply call a party platform, but a declaration of commitment.

Now I would like to turn for a few minutes to the subject of tourism, because tourism has become such a vitally important factor in our economy it is certainly not something with which we should deal lightly, and I take this opportunity here to congratulate all those in the Ministry of Tourism for their perseverance in the industry. I especially commend those young Bahamians who have made a career in tourism and

who look to this industry as their link to the economic future of this country.

There are also those in the private tourism sector — the hotel and restaurant operators, the airline operators, the taxi drivers, waiters, waitresses, desk clerks, and all the other thousands of Bahamians who, either directly or indirectly, earn their living in tourism and contribute so much to the development and progress of tourism in this country.

They are all owed a debt of gratitude, and they are certainly worth every consideration for advancement and enhancement in their various positions. That they will certainly receive under a government of the Free National Movement for it is our intention to put tourism in an even stronger position so that more tourist dollars will flow through the economic arteries.

We have the sun and the sand and the sea, and people who are charming and hospitable. God has blessed us with all those assets, but we need more than that, we need the food and beverages we will serve our tourists. We need the material to build the hotels in which we will house them. We need the paint for the walls and the tablecloths for the tables and the bed spreads for the beds and the milk for their morning coffee.

You see, we do not yet produce half the small, necessary things which we could possibly produce ourselves, thus cutting down the cost of the product and raising the number of people who could afford to come and find out how much better it is in the Bahamas. We are still offering them souvenirs made in Taiwan, bananas from South America, milk from America, and lamb chops hauled all the way from New Zealand. We depend heavily on importing all things from the outside world.

#### MR SPEAKER,

The Prime Minister was able to tell us that during the year 1985 the Bahamas spent just over \$2 billion for consumer goods and services on the overseas market, an increase of 11% over the amount spent in 1984, with no adjustment for

inflation. Of that amount according to the Prime Minister's figures, only \$375 million was spent on construction, and on machinery and equipment.

That means that 80% of our total expenditure went on consumer goods and services much of which we, in turn, sold back to tourists or consumed ourselves. We are middlemen who import then sell back to the tourist. To an extent, I know that has happened in other tourist destinations, but many of those destinations have all, over a period of time, learnt how to study what it is they need most to shore-up their tourism industries, then set about on an orderly course to produce locally most of what is needed. We will still, perhaps have to import some primary material for manufacture but we will also have the opportunity to utilize more and more native material.

#### LIGHT INDUSTRY

Mr Speaker, as I mentioned before, this has the advantage not only of introducing labour-intensive light industry here, but obviously the local tourism market will benefit from lower, non-tariff prices on necessary items, which would mean they can then tailor their tourism packages accordingly.

More than that, Sir, new companies wanting to start up business here under the industries encouragement act or the hotels encouragement act will find our incentives even more attractive, since they will be able to benefit from using some locally-produced products and materials at a cost lower than the imported rate.

My colleagues will have more to say on this subject, but it is important that we include it in this general overview, since so many of the economic hopes and aspirations of so many Bahamians depend so heavily on tourism.

Before I leave the subject, however, I have two notes to make on two relevant matters. One of these is casino gambling, and the other is government's general involvement in the tourism business in the Bahamas.

We have long ago, Mr

Speaker stated our position that whilst casino gambling may be considered by many as an enterprise which should be shunned like the plague, it has become a part of the tourism package in the Bahamas.

What is done is done, and we in the Free National Movement recognize that it cannot be undone without doing irreparable harm to the immediate goals of tourism development here.

We can only repeat our resolve that gambling should be properly policed, and that the government should co-operate with international agencies to keep it free from gangster control.

However, it is still the belief of the Free National Movement that the Government should never have ventured into the business of casino gambling itself, and that the Government should get out as soon as possible. There is a fundamental difference between being the houseman and the policeman in a gambling casino. If we must have casinos, then let the Government be the policeman, but never the houseman. If we are the policeman, at least we can ensure that our tourists are getting as fair a shake as they can get in gambling. And that the Government and the people are always extracting a fair share of the profits by means of a reasonable tax imposed on the operators.

This brings me to my final point on the Free National Movement's economic plan for the Commonwealth of the Bahamas, as that plan pertains to tourism. That, Sir, is the recurring and vexatious question of government ownership of hotels and casinos and of any other large, private-sector enterprises.

We have warned against this time and again, but to no avail. Even some of the Government's own experts have warned against these frequent and venturesome forays into the private sector, but this headstrong government has continued on this course of the unproductive use of the taxpayers' money.

In a way, history may well be repeating itself in the Bahamas.

There was an early governor in the Bahamas. His name was Lord Dunmore. He was a peculiar fellow, because he always seemed to be building something. Several of the forts in New Providence were constructed by him with money he either raised locally or enticed England to send over. One of these things he built was Fort Charlotte, which he graciously named after the wife of King George III, to whom he had to appeal in the first place.

Well, we know the history of Fort Charlotte. In the first place, it was the most elaborate of all the forts Lord Dunmore ever had constructed here even today, you can see the ornate battlements which crown the foreshore at the western esplanade. More than that, however, when the fort was completed, somebody made a very interesting observation! The guns placed atop the battlements of Fort Charlotte were neatly erected pointing over the City of Nassau, the very city Fort Charlotte was constructed to defend! Furthermore, not a single shot was ever fired in battle from those guns.

You see, Sir, in his obsession with bricks and mortar, and in his haste to spend money whilst he could still get his hands on it, Lord Dunmore had lost touch with all reality. At the time, and even to this day amongst historians, Fort Charlotte is facetiously referred to as "Dunmore's Folly."

Now I say history must be repeating itself, because we now hear talk of "Pindling's Folly." The reference is to the Cable Beach complex. All the bricks and mortar that never came because the plan changed in midstream but the people had to pay dearly for those plans anyway.

Millions of the people's money has been wasted, perhaps as much as \$20 million because somebody made a mistake, not once, but several times. The Government plunged itself into a pit of economic chaos which saw the people owning hotels, casinos and all sorts of other things they did not have the expertise to manage.

It was the same thing in Grand Bahama. The government — at a time when the Prime Minister was chairman of the Bahamas Hotel Corporation — over a period of 10 years invested more than \$40 million in the Lucayan Beach Hotel, and never got it right. The greater portion of this sum was pure waste.

Yet in all this no lessons were learnt, they are still gung-ho to build, build, buy, buy. It would stimulate the economy, they say, it would provide more jobs, yet what they are telling Bahamians is that they are putting Bahamians into further debt in order to employ those same Bahamians who will, one day, have to pay it all back. It is a crazy kind of economic planning which makes no sense at all, and which even further confuses the economic calamity in which this country finds itself today.

Neither the Lucayan Beach mess nor the Cable Beach madness is today making any kind of economic sense, Mr Speaker, regardless of what the Deputy Prime Minister reports or what the Prime Minister projects, essentially in the Bahamas today the tourism situation is not one half as bright and glittering as they would have us believe.

The only tourism area which is holding its own at this time is Paradise Island. The government hotels are losing badly, regardless of their weekly whisper campaigns about-breaking even. No, Sir, the government hotels do not work because of bad management, and that management is bad because the government is too intimately involved.

The Free National Movement is dead set against this kind of involvement. We appreciate the point that the people's money is already invested in these various projects, and we will do nothing to jeopardise that investment. However, it will be the policy of the FNM government to withdraw carefully from private enterprise, with no loss of public funds, and with no compromise of Bahamian sovereignty.

Tourism, under the Free National Movement, will thrive,



but it will do so sensibly, orderly, and without the necessity of the Bahamian people having to reach into their pockets to subsidise an industry for which providence has already so richly prepared us, the sun and the sand and the sea and the graciousness of our people.

#### AGRICULTURE

In the area of Agriculture and Mariculture, we feel it is time this country addressed this topic with a view towards positive advancement instead of the lip service we have been having for so many years.

We have already pointed out how, in the tourism industry, much of what happens there can depend on how far we can go in getting this country close to some sort of self-sufficiency.

What we do know, is that in years gone by the Bahamas has been capable of producing well in the area of Agriculture. The government of the Free National Movement, combining the skills of modern technology and the yields of the arable land we know still exists in this country, will return the Bahamas to a more productive position in agriculture.

A system of co-operatives, of agricultural education, of crop insurance, of supplies and fertilizers will be made available to the independent farmer, then we will work with him on crop rotation, marketing and diversification of land use.

More than all this, however, the Free National Movement will make a careful evaluation of all the agricultural and livestock needs of the tourist and resident community, and will work closely with farmers, co-operatives and outside investors to identify how much of the need can be satisfied locally in what stages, and with what involvement.

The same thing would apply to fishing and mariculture. This is an area which has also been neglected, although many well-founded Bahamians today have their economic roots from going down to the sea in ships. Both the local and the export markets cannot get enough seafood, and we see no reason why we should not exploit this industry to the limit, so long as

we take scientific care never to exhaust any of the marine resources we now have.

#### MR SPEAKER:

The Free National Movement will develop a proper farm credit for the farmers of this country. We have long stated that we realise the need for proper financing, to improve and operate farms efficiently, and we will examine the feasibility of loans to farmers directly, or by guaranteeing loans made by financial institutions.

We are convinced, along with many Bahamians engaged either in agriculture or in mariculture, that with proper planning, Bahamians can produce farm products and seafood in sufficient quantities to reduce greatly the large quantities of food we import from abroad.

It is a pity, Sir, that the Prime Minister did not pay more attention to this particular aspect of the Bahamian economy when he was preparing the 1987 Budget, but again, we can perhaps understand that he fully realizes that all this will soon be in the hands of an FNM government anyway.

#### YOUTH TRAINING

My colleagues and I will move quickly to take young Bahamians off the streets and put them into training sessions in those areas in which they are best qualified. The intention is to activate a programme whereby, early in his school life, a child will be tested as to aptitude and a determination made as to whether he is more academically or technologically inclined. He or she will then be advised accordingly and encouraged to enter the most suitable fields to seek employment.

This will help provide the labour necessary for the light industrial expansion a government of the Free National Movement is already committed to bring about. We are not saying that the answer to the country's unemployment problems is to create factories and to make all Bahamians factory workers.

What we are saying is that we will try to turn now unproductive lives into productive lives and we will put now non-working Bahamians into

positions where they will not only master new trades, but will be able to become business people in their own right. It is hoped that some will return to their home districts and set up businesses of their own. If that is their choice and if they prove they have mastered their craft, then the government of the Free National Movement will provide economic incentives.

I know that for some years, especially on the island of Grand Bahama, there has been a degree of light industry which has sustained some families and put some individuals in positions of bettering themselves yet times are changing, and the Bahamas today finds itself in a position whereby we must intensify light industry, we must encourage cottage industries, and we must stand solidly behind the enterprising Bahamians who simply want to make their own contribution, feed their own family and pay their own way in the world.

We realize that Bahamians are essentially a community oriented people, we will attempt to encourage economic centres in certain districts of New Providence, Grand Bahama and the Family Islands. They will be distributed with special regard to the type of industry a particular community might best accommodate.

It might depend on the availability of land, water, and infrastructure. However, whenever the government sets up or approves an industrial centre we will always ensure that the entire community infrastructure is in place.

People who work together usually live together, or generally so, and there must be all the accoutrements of community life. There must be schools, clinics, shopping centres, community centres, churches, sporting facilities and so on. These are all part of the community, and it is what we intend to see is set up in any area where a small industrial community comes into being.

That, Mr Speaker, is the human part of the Bahamian economic structure which has been neglected for too long, but which the Free National Movement is committed to address

with the same degree of urgency we give to the provision of jobs for the unemployed.

#### **BANKING**

Banking came relatively late to the Bahamas. It came only after some monied tourists started visiting and realised what a wonderful idea it would be to invest. The Bahamas accommodated that interest, and before we knew it, we were a tax haven, where each year hundreds of millions of dollars are invested in this country safe from the vicissitudes of international upheavals and radical changes.

At the end of June of this year, there was a total of 376 banks registered in the Bahamas. Now these fall into various categories, but suffice it to say that we're in the banking business, big.

Bankers, Mr Speaker, are daily in touch with investors. The investor knows that the banker lives here, so the banker can give good advice about the viability of investing here. You will find today that there are few bankers who will tell an investor that there is no problem with investing in the Bahamas.

It is the same with lawyers or investment counsellors or other legitimate advisers. Nobody is willing to give a confident go-ahead because nobody knows exactly what is going on in the government. I doubt the Prime Minister knows himself. That is a sad commentary on a national leader who came to power because he was able to convince the Bahamian people and the rest of the world that the people who preceded him in power were not to be trusted.

Because that is precisely what we are talking about here, we are talking about trust. We are saying that the bankers in this town, who represent investors, and who count the dollars and cents every day cannot say with any certainty that they know for sure what the government's policies are today, or what they may be tomorrow.

I said most of this at the beginning, Mr Speaker, I spoke of the re-introduction of confidence in this country, and of the urgent need for economic reconstruction. None of this can

come about without the active co-operation of the private banking sector, and we cannot be guaranteed of that until we give them a government which truly says what it means and means what it says.

Confidence, Mr Speaker, is the key, and confidence is what the government of the Progressive Liberal Party cannot engender in the mind of the serious, honest foreign investor. He is that investor who will look on page 19 of the June quarterly review of the Central Bank of the Bahamas and note that by the middle of the year the number of stopover visitors had declined by 7.2%, and that the number of American visitors fell by 6.4%. Yet during that same period the country's external reserves increased by 18.5% over the same period of 1985.

Where did the extra reserves come from? They could not have come from tourism, because stopover tourism was down, and you make your big money from stopover tourism. Yet all of these figures, Mr Speaker, appeared in the official report from the Central Bank of the Bahamas. I have great respect for their honesty and ability to forecast, project and evaluate.

Where did the extra money in external reserves come from? I shudder to say Sir, but outside investors must reach the same conclusion most of us reach. It is an ugly conclusion. It is a conclusion which continues to eat away at the confidence of this country. It is a conclusion which brings shame and disgrace to every responsible well-thinking Bahamian. It is a conclusion which moves me, Mr Speaker to consign this Budget communication into the nearest ashcan.

#### **LOCAL GOVERNMENT**

We in the Free National Movement fervently believe that local government must be an indispensable ingredient in any plan for the economic social and political development of a nation. In this regard the PLP government has been found guilty of a great betrayal of the Bahamian people by failing to develop local government throughout the country.

It was a promise the PLP made before they came to power. It was a promise the PLP government confirmed with a white paper on local government it was a promise they seemed on the verge of fulfilling several years ago when they announced with much fanfare a dialogue they said would lead to the implementation of local government. But typically, it remains a promise unfulfilled after 20 years of PLP power.

An FNM government will move quickly to implement and develop a system of local government because we believe in it, because we trust the Bahamian people and because we are not afraid to share power with them.

#### **PROPERTY TAX**

Contrary to what PLP propaganda would have people believe, my colleagues and I are deeply concerned about those Bahamians in the lower and middle income brackets. We are aware that many are called upon to carry too heavy a burden of taxation and we fully intend to address this problem which the PLP has been talking about for more than 20 years.

An FNM government will take some initial steps to erase the burden on our brothers and sisters in these categories. We will abolish the real property tax on so-called low cost and modestly priced houses. We think it is wrong to encourage people to get their own homes and then slap a tax on top of their mortgage payments.

We will also, Mr Speaker, devise a scheme whereby low-interest money will be made available to finance low-cost housing. It is imperative for the good order and social health of our nation that all our people have housing which meets the needs and standards of human dignity. We will make sure that low-cost housing is not a scheme to put Bahamians in inferior buildings which will not last as long as their final mortgage payment.

The FNM believes that for many families and individuals an automobile is a necessity and we are committed to a graduated tax on cars. We will reduce the duty on cars in the modest

and economy categories and we will maintain or increase the duty on high priced luxury cars. Those who can afford such cars should not mind paying more duty than persons of low and modest income.

We will, Mr Speaker, examine revenue sources carefully to see if the same principle can be applied to other items of necessity for persons in the lower income brackets.

While I am on the question of Customs duty let me say that my colleagues and I were gratified — and somewhat amused to see the government at long last giving back to Bahamians the duty allowance which they took away years ago. Unfortunately, we believe this is due more to election fever than to compassion.

#### HAZARD PAY

We also welcome the announcement that at long last the government has taken a step in the right direction by implementing hazard pay for defence force and police force personnel. We regret however, that this addition to the police salaries is not pensionable. We regret also that hazard pay is not being provided for personnel of her Majesty's Prison, many of whom are also at risk on a daily basis as they deal with hardened and dangerous criminals.

Let me make it clear, though, that this concession on the part of the government does not lay to rest the whole question of pay for our police officers. An FNM government will review the scales of Police, Defence Force and prison salaries with a view to bringing them more into line with the realities of life in our Bahamas.

MR SPEAKER:

For my part, there is very

little more I can say about this Budget, I have tried to show very briefly what the Free National Movement government plans to do to rescue us from this morass in which the country now finds itself.

But that is a heavy cross to carry, Sir, it is heavy because at almost every corner we turned in trying to come up with a better plan for the Bahamas, we stumbled upon yet another example of ineptitude, another note of corruption, another hint of victimization, another report of neglect, another example of bad management.

It is Christmas time and there was another Christmas a long time ago, Sir, in the literary mind of Charles Dickens, who used the idea of peace and goodwill at Christmas time to show up conditions in Victorian London which painted England as a coarse, uncaring, unyielding, neglectful and merciless country. The rich kept getting richer and the poor kept getting poorer, and in between the middlemen and the bagmen and the influence peddlers kept up their brisk trade while children died in the streets from hunger and abuse.

Have we in the Bahamas come far away from that in 1986? I look about us day after day and the only difference I see is that the vehicles are no longer propelled by horses and the lights no longer burn with oil, because I see Bahamians poor and unemployed and victimized and yet the trappings of wealth and affluence are conspicuous among many of those elected to represent these same people.

It is the perfect setting for a change, Mr Speaker, and it is a change that the Free National Movement is advocating for this

country. It is a social change, an industrial change, a political change. We are advocating a change from much of what we see around us, because some of what we see around us is so ugly, so corrupt, so unchristian and so irredeemable that it would be better for all concerned if we were to sweep the slate clean and start out in a new direction.

That is why all of us in the Free National Movement are here. We are here because we are the national guard, we are the people's last stronghold.

The government of the Progressive Liberal Party, elected by the people of this country most recently in June of 1982, has failed the people and failed them miserably. Not only has that government terribly mismanaged the affairs of this country, bringing upon us all sorts of perils, economic dislocation and social calamities, but also more shame than our forefathers could ever have contemplated, and that we hope our children will never again have to endure.

We in the Free National Movement are dedicated to the reconstruction of this country. We are telling the Prime Minister and the government what we think about the 1987 Budget. We are ready and able to move into the position of governing this country and pointing it in a New Direction, with the help of God, with the support of the Bahamian people, and with confidence in our own abilities to get the job done right.

I take this opportunity to wish all the members of this House — both on this side and on the other — the happiest of Christmases, and a New Direction in the New Year.

#### Civil Servants' Pay Freeze

Nassau THE TRIBUNE in English 16 Dec 36 pp 1, 14

[Excerpt] Civil servants will get no salary increases next year, former Finance Minister Arthur Hanna told the House of Assembly last night.

Mr Hanna, who resigned his Cabinet post as a matter of conscience in the wake of the Commission of Inquiry, also called for a reintroduction of the school lunch programme, the construction of truly low cost housing for the poor, renovations at the Princess Margaret Hospital, and a more progressive system of taxation.

Stressing that more attention should be paid to the educational system, Mr Hanna said he wanted to shame Government into reintroducing the school lunch programme.

"It is of vital importance that you look after the little children and feed them," said Mr Hanna. "Wherever children are involved, special attention should be paid to them, and so I could only hope and pray, and also I intend to encourage, all those who have the responsibility to see what they could do to assist in the education of the people of our country."

In all developing countries, he said, education is the key and education begins at a very early age.

Mr Hanna said he regretted that Government had made no provisions to increase public servants' salaries.

He said that in an election year "this would be a good opportunity for the Government to deal with that matter bearing in mind that...it was the intention of the Government to review periodically the salary in the public service."

Unless Government keeps abreast of civil servants' salaries, Mr Hanna said, Government is going to lose its best

workers to the private sector.

Noting that the salary of the civil servants must always be kept under review, Mr Hanna said there are people in the civil service who can demand twice as much salary in the private sector.

"If we push them (civil servants) too far, we will lose them," said Mr Hanna. "It's better to give periodic reviews rather than wait for a long time and be faced with an impossible situation."

If Government waits for another five years to give civil servants an increase in salary, said Mr Hanna, Government will not be able to catch up with the cost of living, and the civil servants will be cheated in the long run.

He said that the last time civil servants got salary increases was on the eve of an election year. That agreement was for three years.

"Seeing that this is an election year, I would have thought it would have been wise for the Government to give public officers an increase," said Mr Hanna. "They would get no increase after the election; not in 1987, because it is not there (in the budget). No provision has been made for it. Public officers will get no increase at all. I think it's politically unwise."

He chided Government for spending millions of dollars for an American public relations firm to brighten the image of the Prime Minister while being unable to give the civil servants an increase in salary.

"I don't want them (PLP) to

go and lose the elections all by themselves," said Mr Hanna.

Mr Hanna also supported better wages for teachers. He pointed out that Government has recognised the special category of teachers. The only way to keep teachers in the classroom, he said, is to pay them an acceptable salary. Government, he said, has agreed in principle to pay teachers according to their qualifications and production. The idea is to keep the teachers where they belong - in the classroom, he said.

He called on Government to inspire confidence in the Bahamas and the economy of the Bahamas. He said it was important for all Bahamians that Government inspired that confidence.

Accusing Prime Minister/Minister of Finance Lynden Pindling of using figures in the 1986 budget which he knew were wrong, Mr Hanna predicted that the budget will fall short by about \$20 million.

"The Government has a duty to maintain confidence in the economy if we as Bahamians are to survive," said Mr Hanna.

On the topic of housing, Mr Hanna said that Elizabeth Estate low cost houses are being sold for more than they are worth. He charged that mistakes by Government are being passed on to the consumer.

He congratulated the Minister of Housing for Government's housing programme and urged Government to pause "and give some thought to low cost housing."

## Ingraham Comments

Nassau THE TRIBUNE in English 13 Dec 86 p 1

[Article by Athena Damianos]

[Text]

**THE BAHAMAS** Government advanced St Lucia a short-term loan of \$500,000 several years ago, which, it was indicated, has not yet been repaid, former Cabinet Minister Hubert Ingraham revealed in the House of Assembly this morning.

Mr Ingraham, who spoke all morning before leaving for his Cooper's Town constituency also said that:

- The Spanish Wells dock, in his view, has not been rebuilt because of an intent on the part of someone to "get something out of the deal." He said he



was not referring to Minister of Transport Philip Bethel, who had protested his innocence. ("We all know who that cap fits," Mr Ingraham said);

- A rip-off has happened in connection with sidewalks in Grant's Town and "somebody will have to go to jail about stealing." Mr Ingraham read from correspondence between the Ministries of Housing, Works and Finance, dated March, 1984, when he was involved in the Grant's Town renewal project as Minister of Housing.

He said letters show that the tenders were for approximately 1,500 linear feet of sidewalk with a cost of \$50 a linear foot for a six foot-wide sidewalk. He said that during the project preparation, construction costs for a 42-inch wide sidewalk were estimated at around \$10 a linear foot.

He said he understands that the sidewalks are now being built for \$40 per linear foot - four times more than the Ministry of Housing estimated they should cost. Mr Ingraham said he felt a three-foot six-inch, or a maximum four-foot sidewalk would have been more suitable along the narrow streets of East and Market Streets.

- Expenditure in some constituencies, including the Prime Minister's Kemp's Bay, is substantially higher than the amount of revenue collected. Referring to the auditor's accounts for the year 1984, Mr Ingraham said that the expenditure in Kemp's Bay is almost 10 times more than the revenue while Marsh Harbour only gets about one fifth of what they collect. Mr Ingraham said he had no difficulty with money being spent to help poor areas that do not generate much revenue.

- Government has wrongly deducted national insurance contributions from civil servants' salaries for the period from July 1, 1984 to June 30, 1986 and has "not yet to date given these public officers their money back."

Mr Ingraham said that the Minister of Finance, Prime Minister Lynden Pindling and/or the Department of Public Personnel and/or National Insurance had great difficulty in determining which

civil service contributions were paid for because, as he understands it, many of them have no money and are just about to complete the exercise.

He demanded that Government give civil servants back "what they have no right to take," particularly in light of the fact that 1987 will mark the second year the civil service has not had a salary increase. He guesstimated that civil servants are due probably more than \$2 million and the Government is due a little over \$2 million.

- Mr Ingraham hoped that Government could provide the actual expenditure for personal emoluments paid to public officers and others for the year 1985 up to November 30, 1986. He said the information must be readily available; is on the computer and that Government could say precisely how much salaries or wages cost.

"I don't happen to accept or believe the numbers given by the Minister of Finance. But if his figures are accurate, I would happily take that statement back and apologise," he said.

On the St Lucia loan, Mr Ingraham said that he was a member of the Cabinet when Government advanced St Lucia \$500,000 to help it make its civil service payroll.

If it has not yet been repaid, Mr Ingraham wanted to know when Government intended to get back its \$500,000. He said that the loan was a short-term advance "but it's been years now and it's time for the money to come back home."

Mr Ingraham said he liked to help his Caribbean brothers, but the Bahamas is not a wealthy country or a donor country and it needs its \$500,000. He said the money was advanced by way of a loan which he thought was secured by the issuance of St Lucia treasury bills.

For the second day, Sir Lynden was absent from his own Budget debate.

As Mr Ingraham launched a broadside against the Prime Minister, not one member stood up to defend him. Members on the front bench included Minister of Health Dr Norman Gay, Minister of Economic Affairs Alfred Maycock, Youth and Sports Minister Livingston Coakley and Transport Minister Philip Bethel.

House leader/Deputy Prime Minister Clement Maynard absented himself from the Chamber for long periods.

Mr Ingraham said he didn't bother to do more than scan the Budget, which has been described as a "fairy tale."

He said that if parliamentary language, public decency and morality permitted, he would have been able to find an "excellent, descriptive four letter word" to describe what Sir Lynden has done to the Bahamas. He said he could have added another three letters to put the word in its present tense.

Mr Ingraham prefaced his remarks by saying that Sir Lynden had said at a public rally what he intends to do.

He said that as told by the newspapers, the rally was attended by a sparse crowd which he described as a "diminishing number of loyalists and faithfuls." He said that Sir Lynden was dressed in an outfit reserved for those who are normally very happy, or young at heart, or gay.

"The Honorable Minister announced that he felt like making love to all," Mr Ingraham said.

He said he did not know if Sir Lynden intended to include women, children, animals and plants, "but that is precisely what the Prime Minister has done" and is doing to the people and the country, he said.

Mr Ingraham then made his remarks about a four letter word.

He also expressed incredulity that the Prime Minister in his Budget Communication was able to tell the Bahamas about unemployment in the United States and Caribbean countries, but, he thought, did not mention the word unemployment in relation to home.

Mr Ingraham said he might be wrong because he only read the communication at a quick glance and did not bother to study it closely. He said if he was wrong he would apologise.

Rock Sound MP James Moultrie, a "Pindling man," picked up what appeared to be a copy of the Budget Communication and started to leaf through it. He made no comment.



## TRADE UNION CONGRESS BACKS ELECTRICAL WORKERS' DEMANDS

Nassau THE TRIBUNE in English 16 Dec 86 p 1

[Text]

THE Bahamas Trade Union Congress "fully supports" the Bahamas Electrical Workers Union members in their fight to obtain "a reasonable living wage" and to share in "the excessive profits earned by the Bahamas Electricity Corporation over the last few years."

In a press statement issued today, the Trade Union Congress (TUC) said it is "absolutely convinced" that Bahamas Electricity Corporation (BEC) has no difficulty in meeting the workers' demands.

"If there is any difficulty at all, it is because the Government, having arrogantly told the public service workers that there would be no salary increases next year, is now putting

pressure on BEC's management to hold the line on salaries, in order to avoid a precedent setting wage settlement in one of the Government's corporations," said the TUC.

The TUC said it holds strongly the view that workers have a legitimate right to a fair share of the profits earned by the Corporation, and it urged BEC's management to "meet the workers' reasonable demands so as to avoid any electricity outages during the Christmas season."

The TUC also called on the Minister of Finance and the Minister with responsibilities for the public service, to meet with the leaders of the unions who negotiate salaries for

persons employed in the public service, and seriously begin negotiations for public service salary increases in 1987.

According to the Minister of Finance in his budget communication, the overall rate of inflation for the period June 1985 to June 1986 was 5.3 percent, stated the TUC. The food index for the same period increased by 8.25 percent.

"These price movements will have the effect of further reducing the depressed standard of living of the bulk of the people employed in the public service," said the TUC. "It will therefore be necessary in 1987 for public servants to have their salaries increased if only in order to maintain the standard of living they enjoyed in 1986."

The TUC also congratulated the Bahamas Union of Teachers and its members for their "dogged determination in the face of intransigence from the Ministry of Education and the Government, which resulted in the return of money unjustly cut from the salaries of those teachers who demonstrated their concern for the education of Bahamian children."

"The Congress is pleased that this matter is successfully concluded, and hopes that similar positive results will be obtained in the Grand Bahama rent controversy, as well as with the problems over the physical conditions of most Government schools," said the TUC.

# BARROW CRITIQUE RELATIONS WITH U.S. IN MIAMI SPEECH

Kingston THE DAILY GLEANER in English 12 Dec 36 pp 24, 27, 28

[Text]

BARBADOS' Prime Minister, Mr. Errol Barrow, recently criticised what he perceived as an excessive reliance by the Caribbean on the United States.

He dubbed this as the "patronage mendicancy syndrome".

Said the Barbados leader. "The Caribbean is not the responsibility of the US, and it is totally unfair and unkind to Americans to ask them to shoulder all our burdens.

"However poor we may be, however severe the economic difficulties we face, it must be clearly understood that the well-being and security of our peoples are our own responsibility. Let us face it, with all the money, all the technology and all the will in the world, the US cannot solve the problems of the Caribbean.

Mr. Barrow was delivering an address at the Tenth Annual Miami Conference and Exposition on the Caribbean.

Following is the full text of Mr. Barrow's address:

"I wish to thank Mr. David Rockefeller and the Caribbean Central American Action for the invitation to attend the 10th Annual Miami Conference and Exposition on the Caribbean and to address the luncheon today.

"This is the first of these annual conferences that I have had the opportunity to attend, because the past decade in which they have been held coincided with the ten years that the political party that I am privileged to lead spent in opposition in Barbados. I emphasize the word "coincided" because I am sure that there was no connection between my

departure from office in 1976 and the institution of these annual meetings.

"One of the advantages of being in political opposition — and, believe me, there are more than you may imagine — is that, free from the daily demands of government, one has more time to look critically at the working of our economic and political system.

"In the past few years I have given some thought to the evolving relationship between the Caribbean and the United States of America and I must confess that there are elements that have crept into that relationship that frankly disturb me.

"I say this, without apology, as one who is convinced that close cooperation between the Caribbean and our neighbours in the Western Hemisphere is both necessary and desirable.

The United States of America is not the least among these. Indeed our government has proclaimed the expansion of friendly relations with the United States as one of the main goals of its foreign policy. Yet, as I say, there are elements in the recent evolution of U.S.-Caribbean relations that I find disturbing.

"First and foremost, it seems to me that U.S.-Caribbean cooperation is being based — or at least being justified — increasingly on negative rather than positive considerations. Let me explain precisely what I am

referring to.

"If one examines many of the arguments used over the past few years, both by American and Caribbean persons, to persuade the American people of the desirability of assisting with the economic development of the Caribbean, one finds that essentially negative themes have tended to predominate.

"If I may be allowed to summarize rather crudely, the case for cooperating with the Caribbean is put something like this: if the U.S. does not help the Caribbean (1) the communists, who are conveniently hiding behind every palm tree, will take over and surround the U.S. with a ring of hostile islands; (2) if the communists don't succeed, then the drug traffickers will take over and use the islands as bases to flood the U.S. with dope; (3) in either case, the entire population of the islands will flee to the U.S. legally or illegally and take away jobs from American workers.

"This may be a caricature but it is not, I suggest, a misrepresentation of the kind of negative reasoning that is frequently used to justify U.S.-Caribbean cooperation.

## Is false picture

"The first thing that strikes one, or ought to strike one, about this line of reasoning is that it paints a terrifying, degrading and totally false picture of the Caribbean. For it suggests that what America has lurking offshore is nothing but a sea of troubles, with waves of disasters threatening your domestic tranquility. And unless one throws a whole lot of

money and possibly guns at the situation, it might blow up in the face of the U.S. The cynical view of course is that in the context of American domestic politics such rhetoric is needed to 'sell' the idea of helping the Caribbean to the American electorate. The problem is that you might end up believing such nonsense.

"It is dehumanising and false to view the Caribbean as potential American problems. We are peoples with an identity and a culture and a history — the Parliament of Barbados will be 350 years old in 1989. We don't need lessons in democracy from anyone. However severe the economic difficulties facing the Caribbean we are viable, functioning societies with the intellectual and institutional resources to understand and grapple with our problems."

"Collectively we have the resource potential necessary for our continued development and, of course, we have a heritage of exquisite natural beauty entrusted of us. The Caribbean is after all a civilization.

The second thing that strikes one about the negative justification for American-Caribbean cooperation is that it paints a less than flattering portrait of the American people. Whatever the demands of political realism, it is, in my view, demeaning to suggest that Americans can be motivated to cooperate with their Caribbean neighbours only by fear for their own security. This is certainly not true of the many American tourists and businessmen I meet in the Caribbean. Indeed the negative line of argument seriously short-sells the idealism, generosity and sheer good sense of the American people.

In more practical terms, such negative considerations will tend to engender crisis-oriented and 'quick-fix' attitudes to the region — attitudes which will be detrimental to the future of Caribbean-American cooperation.

"There are many strong ties between the American and Caribbean peoples — ties of history, culture and shared values. It is these positive considerations that should be emphasized as the basis of our mutually beneficial cooperation.

"The second disturbing element that I have detected in the evolution of Caribbean-America relations is the trend towards an excessive reliance

by the Caribbean on the U.S. The patronage mendicancy syndrome. The Caribbean is not the responsibility of the U.S., and it is totally unfair and unkind to Americans to ask them to shoulder all our burdens. However poor we may be, however severe the economic difficulties we face, it must be clearly understood that the well-being and security of our peoples are our own responsibility. Let us face it, with all the money, all the technology and all the will in the world, the U.S. cannot solve the problems of the Caribbean.

"In the first 15 years that my political party managed the affairs of Barbados, we received no aid from the U.S. of A, financial or military, neither did we ask for any. The U.S. can contribute, and can contribute enormously, but only if the peoples of the Caribbean are themselves determined in a spirit of self-reliance to rapple with those problems.

"The utmost priority has to be attached both by the Caribbean and the United States to the movement for regional cooperation in the Caribbean. For self-reliance in the situation of the Caribbean must necessarily mean collective self-reliance.

"Thus the most useful role that the U.S. and other industrialised states can play in cooperating with the Caribbean is by strongly supporting multilateralism in the region and by channelling as much of their assistance as possible through the appropriate regional institutions. This approach offers the best prospects for self-sustaining development in the Caribbean.

"It is a pity that the original multilateral approach to the Caribbean Basin Initiative was never fully realized in practice, so that the CBI is now almost exclusively associated with the U.S. But I believe there is still hope for greater coordination of all the programmes of cooperation undertaken by various industrialised countries, such as Canada and the European Community with the Caribbean.

"Those same countries might also use their influence in the international financial institutions to get them to change their policies on lending to very small island states. Right now, because of an inflexible application of the per capita income criterion, access of the English-speaking Caribbean countries to soft loans from the International Development Associa-

tion is being limited and several of them are being told that they will soon not be eligible for any type of loans from the World Bank. "In the light of the serious economic difficulties facing the Caribbean today, this is a situation that is nothing short of shameful and demoralising.

"I am convinced that the encouragement and support of, multilateralism in the Caribbean, and among those friendly countries cooperating with the Caribbean, is the most productive and positive path to follow.

### CBI is modest effort

"Let me say something about the CBI itself. I doubt that any similar initiative has generated such a torrent of words. Indeed the CBI is a victim of its own rhetoric in that it has created expectations beyond anything that it could realistically be expected to fulfil. When one examines the actual Caribbean Basin Economic Recovery Act of 1983 one finds a very modest but useful effort at helping the Caribbean by providing restricted preferential access for Caribbean exports to the American market. And we really have to stop judging the CBI on what it ought to have or might have been.

"Political realism perhaps also dictates that with the Gramm-Rudman-Hollings balanced budget amendment, the current American trade deficit and the tide of protectionism sweeping the U.S., there is little prospect of getting Congress to improve the CBI. Thus if the CBI is producing only very modest results, it is not because it is a failure, but because it is a very modest instrument.

"It is regrettable that the media in the Caribbean and the U.S. and our own mendicant politicians find it convenient to forget that the whole concept of the Caribbean Basin as an object of economic development originated with the late Dr. Eric Williams of Trinidad and Tobago when he put forward his Caribbean Basin Plan involving one billion dollars to be raised totally from our own resources.

"I can only say and say again to my friends in Congress: If you are serious about wanting to help the Caribbean, the best thing you can do is to allow all of our exports free and unrestricted access to the American market. Not as a matter of largesse

or aid but as a means of redressing the unfavourable balance of trade which enures exclusively to the benefit of the U.S.A.

"One area that offers considerable scope for growth in the Caribbean is the service sector. In a country as small and resource-poor as Barbados, the service sector is and will possibly become even more so a vital component of economic survival. Barbados has therefore developed both a tourism sector as well as an offshore sector designed to attract only legitimate business enterprises, whether bankers, foreign sales corporations or captive insurance companies.

"Through our own tax treaty and tax information exchange with the U.S., we cooperate in the investigation of tax fraud and related illegal activities. The tax treaty was designed to strengthen economic cooperation between our two countries and any attempt to undermine the treaty will strike a severe blow at this cooperation.

"I therefore trust that the U.S. Government will honour its commitment

to this international instrument and not take any action to alter the lengthily negotiated provisions of the treaty, for any action to alter the provisions of the treaty would be set-back to investment tax cooperation and trade not only between Barbados and the U.S. but possibly between the U.S. and other Caribbean countries contemplating the signing of tax and information agreements with the U.S.

### Revitalising moves

"Upon assuming office in May of this year, my Government commenced upon a programme of economic restructuring aimed at revitalising the economy of Barbados. Our economic policy goals were, and are, the reduction of high levels of unemployment, overcoming persistent economic stagnation; the restoration of private business confidence and performance; the curtailment of substantial losses in public sector commercial ventures and the rebuilding of export competitiveness.

"The achievement of these goals

has been tackled, initially, under the purview of budgetary measures which have sought to restore incentives to individuals to work, save and invest; reduce the costs of business operation; provide incentives to encourage reinvestment of capital; provide for business to build up healthy reserves, place resources behind small business and reduce the tax burden on private individuals and business.

"Most salient of the measures was the reduction in the maximum rate of personal income tax from 60 per cent to 50 per cent; with all persons earning BDS \$15,000 a year or less, being exempted from paying income tax. In addition, the maximum rate of corporate tax was reduced from 45 per cent to 35 per cent, and will soon move to a graduated tax ranging from 15 per cent to 35 per cent. The tourist sector, in particular, was relieved of an onerous tax burden.

"We took these actions because we were convinced that the personal income and corporate tax regimes

were stifling the creativity and entrepreneurial talents of our people, and also because of our firm belief that the private sector has a big role to play in bringing the economy back on track. The rate of return to the community of investment by the private sector is more efficiently realised, and that sector subsumes more importantly the individual working with his own hands.

These measures will, in the short run, generate substantial impact upon disposal income, demand for goods and services and the growth of government revenue from indirect taxation. Over the medium term, the growth in purchasing power, correctly channelled, will lead to the emergence of new businesses and expansion of those already established, thereby creating more job opportunities. Over the long run as businesses expand and new ventures develop, additional rounds of revenues and employment will be generated.

One other complementary area of reform which the Government is pledged to undertake as a matter of urgency in order to restore economic health, is the problem of wasteful expenditure and inefficiency in the public sector generally, and particularly in Government-owned commercial enterprises. Our public enterprises-policy recognises that Government must play a role in the provision of private goods and services for purchase by individuals, and therefore Government will continue to invest, appropriately, in and promote the production and distribution of private goods.

### Divestment Policy

"However, we intend to put an end to the practice whereby publicly-owned enterprises producing non-strategic goods and services are permitted to

operate at a substantial loss with little likelihood of ever making a profit. In the extreme case where complete divestment is the appropriate course, such action will be taken.

"Much of the infrastructural and institutional framework for business activity in Barbados was laid down during the year 1961 to 1976 when I had the privilege of heading the Government of Barbados for three successive terms. Just as we in Barbados do not need instructions on the virtues of democracy, neither do we need instructions on the virtues of free enterprise.

"The Government is committed to fostering the most healthy and positive climate for private sector investment, both domestic and foreign, in Barbados. We recognise that the ability to produce and export at internationally competitive prices will be critical to our success, and we welcome the foreign, and especially the American investor, as one who can make an important contribution to that objective.

"I look forward to close and friendly cooperation with the people of the United States during my tenure in office. I am convinced that such cooperation is to the mutual benefit of both the Caribbean and American peoples. But I feel equally strongly that such cooperation must be based on positive and not negative considerations, and should reinforce the self-reliance and independence of the Caribbean.

It has become fashionable in American domestic politics to invoke the name of Franklin D. Roosevelt in order to inspire Americans with a unity of purpose and vision and faith in this great country. I would urge that in the field of foreign relations you also invoke the spirit of that great American statesman in dealing with your neighbours in the Caribbean.

/9274

CSO: 3298/081



CENTRAL BANK REPORT SHOWS DEFICIT FOR TRADE WITH CARICOM

Port-of-Spain TRINIDAD GUARDIAN in English 25 Dec 86 p 4

[Text]

**BRIDGETOWN, Dec. 24, Cana—BARBADOS** recorded a \$54.4 million trade deficit with its 11 trading partners in the Caribbean Common Market (Caricom) during the first seven months of this year, according to a Central Bank report here.

The bank publication showed total imports amounted to \$86.3 million, while total domestic exports were valued at 31.9 million.

The deficit is marginally below last year's figure of \$56.3 million.

Exports to Trinidad and Tobago, Jamaica, Guyana and St Lucia, the is-

land's leading trading partner from the Organisation of Eastern Caribbean States (OECS), were down on January

to July last year.

Exports to Trinidad and Tobago declined to \$10.7 million, from \$17.1 million last year. Barbados exported goods valued at \$3.3 million to Jamaica (down from \$5 million), and \$732,000 to Guyana (a drop from \$1.2 million), while exports to St Lucia were down at \$4.9 million from \$4.4 million in 1985.

Exports to the 11 Caribbean states declined from \$38.6 million for the January-July period last year to \$31.9 million.

Total imports were down, but the difference was \$8.7 million. Imports for the first seven months of last year amounted to \$94.9 million compared with \$86.3 million this year.

Imports from Jamaica, Guyana, Trinidad and Tobago and St Lucia dropped.

Imports from Jamaica dipped from \$17.4 million last year to \$13.5 million.

Barbados imported \$3.2 million in goods from Guyana this year, as against \$3.3 million last year, while imports from Trinidad and Tobago dipped to \$63.5 million compared with \$67.8 million in 1985.

St Lucia sold Barbados \$2.3 million, while last year's figure was \$2.6 million.

/9274

CS0: 3298/081

OFFICIAL COMMENTS ON GUATEMALA-MEETING SPECULATION

FL111414 Bridgetown CANA in English 1744 GMT 10 Dec 86

[Text] Belmopan, 10 Dec (CANA)--A senior government official here today described as speculative, Guatemalan press reports of an imminent meeting between the foreign ministers of the two countries to discuss their long-standing border dispute.

But the official predicted a meeting will take place, though no time frame has yet been fixed.

The Guatemalan periodical, PRENSA LIBRE, said the meeting between Dean Barrow of Belize and Mario Quinones Amezcuita will take place in January.

The official acknowledged that both countries now had feelers out, and predicted that eventually the two foreign ministers would meet. But the official stressed that no specific arrangements have been made.

We have not reached the point where we could set dates and places, the official told CANA,

The reports are more speculative than factual, the official added.

Feelers are out, and we will end up with Barrow meeting Quinones, the official added, stressing, however, that dates and a venue have not been fixed.

The official said that the Belizean delegation that attended the recent OAS general assembly in Guatemala City had no contacts with Guatemalan officials. Nothing happened. There were no contacts, the official said.

Guatemala's acquiescence to the Belizean delegation attending the conference was taken as a further sign of increasing flexibility toward Belize.

The official acknowledged that the atmosphere between the two countries had improved with the accession of the civilian government of President Vinicio Cerezo in Guatemala.

Everything hinges on Cerezo: how long he can hold on, (and) how much farther he can go, the official added.



A Guatemalan claim to large tracts of Belize stalled the country's advance to independence until 1981 following overwhelming support for Belizean independence in the United Nations.

Guatemala's earlier threats to use force to seize Belizean territory it claims have kept a strong British military garrison in the country.

/9274

CSO: 3298/082

## BRIEFS

COFFEE PRODUCERS' PRODUCTION GOALS--The Brazilian coffee producers intends to increase production from 6 to 10 million bags in 2 years. To this end, the recently created National Council for Coffee Producing Policy [Conselho Nacional de Politcal Cafeeira], together with others segments of the coffee producing section, will launch a massive publicity campaign aimed at increasing coffee consumption. Dagmar Oswaldo (Payot), president of the Toasting and Grinding Industries' Union in Sao Paulo State, has reported on the sector's growth program: [Begin recording] In 2 years, we intend to increase our production from 6 to 10 million bags. We are striving for this goal with optimism, because it seems that Brazil needs some optimism; we must have confidence in our country, sturggle for it, and be a little optimistic. Thus, if everything goes well, in 1987, we will be able to reach at least 50 percent of the final goal of increasing our production by 4 million bags. [end recording] [By reporter Cristina Palhares from Sao Paulo] [Text] [Brasilia Domestic Service in Portuguese 2100 GMT 29 Dec 86 PY] /12232

BARREIRA DO INFERNO LAUNCH ACTIVITIES--The launching Center at Barreira do Inferno in Rio Grande do Norte has launched into space a total of 2,366 rockets during its 21 years of operation. In addition to this information, the Base Command reported that seven projects are now in the process of development, among them, the Sonda IV [Satellite Launching Rocket]. The launching center is located at 16 kilometers from Natal, state capital, and occupies an area of 18 square kilometers. [Text] [Brasilia Radio Nacional da Amazonia in Portuguese 0900 GMT 5 Jan 87 PY] /12232

GOVERNMENT SEIZURE OF IMPORTED MILK--More than 80 tons of imported milk has been seized in Sao Paulo. In compliance with the Federal Appellate Court order, the municipal Secretariat for Supplies today continued the operation to seize powdered milk and milk byproducts imported from Europe. Supply Secretary Celso (Mastudo) reported that according to his organization's recent figures, more than 81 tons of milk was seized. The Secretariat is asking people not to consume imported milk until the results of laboratory tests are obtained, and to report any establishment that might be violating the judicial order by selling the product. Celso (Mastudo) gives further details on the operation. [Begin (Mastudo) recording] I think we achieved more than half of what we achieved in the first operation. [not further explained] [end recording] [The milk has already been withdrawn from the shelves of supermarkets in Maceio. The decision was motivated by reports of contamination and by the seizure of the

product in Sao Paulo. In Piaui, the Federal Agriculture Office and the Health Secretariat are surveying stocks of imported powdered milk in the capital and in the interior. The control measures consist of retesting the product, examining the international certificates, and the sending samples for testing too in Rio de Janeiro. [Text] [Brasilia Domestic Service in Portuguese 2100 GMT 6 Jan 87 PY] /12232

RIO GRANDE DO NORTE TREMORS--Two earth tremors were recorded this morning in Joao Camara. According to Professor (Mad Taqueia), of the seismology group of the Rio Grande do Norte University, the tremors measures 4.1 and 4.4 degrees on the Richter scale. Some aftershocks were also felt in Natal. Professor (Taqueia) stated that there have been signs that the seismic activity in the region has been reactivating as of 1 January, and that an increasing number of tremors can be expected. [Text] [Brasilia Domestic Service in Portuguese 2100 GMT 7 Jan 87 PY] /12232

CSO: 3342/54

FPMR MEMBERS ON PINOCHET ATTACK, POLITICAL VIEWS

Buenos Aires EL PERIODISTA DE BUENOS AIRES in Spanish 6 Nov 86 pp 32-33

[Interview with three members of the Manuel Rodriguez Patriotic Front (FPMR) by Alejandro Stilman and Nora Anchart; date and place not given; first five paragraphs are introduction]

[Text] Three members of the armed Chilean organization give the most detailed description so far of the recent attack on Augusto Pinochet, the responsibility for which they claim. The political position of the front, which is the focus of a controversy that is currently jolting the leftwing opposition, is described with unusual clarity in this extensive interview.

Ever since the FPMR stormed onto the tense Chilean political scene, its activities have prompted a great deal of conjecture. Its communiques, claiming responsibility for certain operations, denying it for others and becoming blurred with the ones presumably forged by the National Information Center, have intensified doubts about the movement that has been defined as "the armed wing of the Communist Party."

Several well-known figures from the Chilean opposition showed up in Buenos Aires a few weeks ago to attend a rally in Luna Park marking the anniversary of the fall of Salvador Allende's government. Understandably, just a few hours after the unsuccessful attempt on the life of Gen Augusto Pinochet, newsmen were seeking leads that would put them in contact with members of the FPMR. In every instance, however, their search led nowhere.

Several days later, a phone call triggered fresh expectations: "Are you...Did you want to talk about some things...?" A meeting took place with a middle-aged individual, and an arrangement was formalized: "Three comrades from the front who are passing through here will hold a conference for you."

The interview took place 2 weeks later. The following is a transcription of a 1-hour talk with the three hooded members of the Manuel Rodriguez Patriotic Front.

[Question] How did the front arise?

[Answer] When the plebiscite was held in Chile in 1980 and Pinochet tried to perpetuate himself in power by legitimizing himself through the passage of a constitution, it became evident that there was no institutional way out. What is today the front began to take shape as of then. It was born as an objective need of our people.

The Manuel Rodriguez Patriotic Front was founded in 1983. Its first action was the big blackout in May. We had tried to cause blackouts before that, but given our inexperience at the time, they were unsuccessful. The front began to organize after 1983, and commando groups were set up in all key points around the country where hydroelectric plants are in operation. We decided to cause blackouts because of their impact on the populace. Around that time the Movement of the Revolutionary Left (MIR) was suffering major military defeats, and something new was needed, with a broader approach. In short, in the beginning there were 50 or 60 of us, and now we have thousands of comrades working in the FPMR brigades.

[Question] According to you, the front arose naturally, spontaneously, but you know that you are called the armed wing of the Communist Party (PC).

[Answer] Yes, that's right. We are the armed wing of the Communist Party, we are the armed wing of the Socialist Party, we are the armed wing of the MIR, we are the armed wing of the people, of those who have lost their children burning in the streets. We are the armed wing of the murdered newsmen, of the victims of torture, of those who have had their throats slit. I think that we have thus made it clear what we are. We have very good ties with the Communist Party, but we want to be known as the armed wing of the people.

[Question] Just as you are said to be the armed wing of the PC, you are also said to possibly be a CIA-financed pretext for Pinochet to remain in power.

[Answer] Well, leftwing parties in Chile, Marxist-Leninist parties, have traditionally had major grassroots support among the working class. We have had three leftwing governments. We had a first socialist republic that lasted 40 days but that set a precedent. This means that the masses have an awareness of Marxist-Leninist philosophy. So, you can hear people make such accusations, but it would be like saying that the Farabundo Marti Front in El Salvador is financed by the CIA. I think that the best answer would come from making contact with the masses in the low-income districts and finding out what they think.

[Question] You said that at first your group consisted of some 60 people and that now there are thousands of you. What segments of society are they from?

[Answer] Unemployment in Chile stands at 30 percent. This means that there are large numbers of jobless, discontent poor people. Thus, for example, the front is no longer causing blackouts or taking direct action against the repressive forces, because the masses are doing that spontaneously. And it is mainly from them that the front has expanded its ranks, even from the Armed Forces.

[Question] How do you explain your support from the Armed Forces?

[Answer] This is an interesting point. Military personnel were the first to feel the repressive hand of Pinochet's fascist government. Sailors were already being tortured during the final stages of Comrade Allende's government. And Pinochet is keeping himself in power by dint of bloodstained terror within the Armed Forces. This development has not yet come to the surface, but right here in this group there are two former members of the Armed Forces who have personally experienced repression. Several desertions have been made public for publicity purposes. In fact, some actions are supported by the military.

[Question] Can either of the two former members of the Armed Forces explain the, shall we say, "conversion" process? How does the switch come about?

[Answer] The grassroots parties give specific instructions to join the Armed Forces. Until the Allende government all progressive Chilean youth were antimilitary and generally used any pretext to avoid military service, from flat feet to a widowed mother, etc. This has changed now. All democratic young people, all young patriots should join the ranks of the Armed Forces and wait there.

The younger generation has grown up under the dictatorship and has learned the methods of clandestine activity. At first, there were only lodges inside the Armed Forces, groups of patriotic military men who disagreed with fascism. These groups have gradually grown more radical and become antifascist.

In Chile the basic conflict is between democracy and fascism. You were asking where the front gets its support. Well, from all sectors of national life.

[Question] The attack on Pinochet was interpreted in many ways. What actually happened? Was it an unsuccessful operation? Was it a warning? Were members of the Armed Forces involved?

[Answer] Commando groups 501, 502 and 503 took part in the attack. They consisted of 11 men and 10 women. A colleague of yours analyzed the incident and said that there were three possibilities. First, the CIA had planned it; second, the front was responsible, and third, Pinochet himself arranged the attack to justify heavier repression. We want to claim responsibility for the attack here and to indicate that it was an extremely harsh blow to the dictatorship from which it has not yet recovered. Moreover, let us say that the comrades who took part in the attack made their retreat in the same vehicles in which Pinochet's bodyguards rode, because there was no resistance. Pinochet shielded himself with his grandson (he did not, as he said, shield his grandson), and they threw themselves over the river bank, into the river. Our comrades retreated calmly in the vehicles that they abandoned. Some of the bombs that were tossed at the tyrant's car did not go off. The Armed Forces were involved to a degree in that they provided certain information and cooperated in a way in our comrades' retreat.

[Question] In a word, the attack was unsuccessful...



[Answer] No, not unsuccessful...nor was it just a scare. It was a show of the front's strength and organizational capacity. The fallout from the attack caused a structural rift in the Armed Forces. The retirement of several generals is proof of it. Specifically, it is our understanding that the political bottom line was positive.

[Question] Don't you think that the escalation of repression immediately after the attack could have influenced the people's attitude towards the front?

[Answer] Let us make the point that repression needs no pretexts in Chile. The republic's constitutional president was assassinated, teachers had their throats slit, 40,000 patriots were murdered, and our people were savagely repressed long before we staged any attack or captured a colonel from the intelligence services. The attack was launched just a few hours after the tyrant announced that an arsenal belonging to the FPMR had been captured. It was a slap in the face, another showing of his true face. Now then, analyzed superficially, it could be regarded as a failed military action. But perhaps killing Pinochet would have been doing the empire a favor. They would have calmly made a simple switch and installed another man who was more acceptable to the international community. It is very obvious that the entire world denounces this dictatorship. It was an attempt at punishment, an incomplete execution. The tyrant's time is not yet up, but as we said before, people are thinking things over now in the Armed Forces.

[Question] What is the front's specific goal? Is it to arrive at an uprising or to attain democracy?

[Answer] To us, arriving at an uprising means arriving at democracy. We do not call ourselves the vanguard of the people to defeat the dictatorship. We are just their armed wing and we are with the people in their aspirations. This is why we encourage the protests called by the Civic Assembly and the work stoppages called by the Popular Democratic Movement (MDP).

[Question] You indicated that 10 women were involved in the attack on Pinochet. To what extent are women really involved in the front's actions?

[Answer] Women are regularly involved in them. First, because they are the ones who notice the shortage of bones in their cooking pots and, second, because they are experiencing the struggle and the repression alongside their husbands. I've seen a woman comrade with the hammer and sickle branded on one of her legs, just like an animal is branded. One girl who is now in Cuba had dogs and rats hurled at her. And as far as the soup kitchens are concerned, the women (our "old girls," we call them) head over to the barracks and demand food until they finally get it. The soup kitchens are not just for eating, just as soccer games are not just for playing soccer. Many forms of struggle have been developed during this process that leads to what we call an uprising, although certain purists about revolutions might not like the term, inasmuch as the military has also risen up. But the right to rebel is enshrined in papal encyclicals, in the U.S. Constitution and by international organizations. Even the Church, in spite of certain disagreements, blesses an insurrection against the sort of dictatorship we have in Chile.



[Question] What is your analysis of the role that the Church has played?

[Answer] We are extremely pleased by the role that the Church as a whole has played, since from the beginning it has set itself up as the voice of those who have no voice and has blessed the people's actions in their self-defense.

[Question] Given the current circumstances, what do you want to happen in your country?

[Answer] We don't want a bloodbath in Chile. We want no more bloodshed. And we are going to do everything we can to avoid further sacrifices for our people, to bring about a solution as quickly as possible, to see to it that this uprising comes about not because we want it to but because it represents the culmination of a historic process. In this regard, the front has the enormous responsibility of leading the people on to victory. We cannot say for sure how events will continue to unfold, but let us remind you that Hitler promised the German people a 1,000-year Reich, which lasted only 12 until the Red Army came. This fellow wants to remain in power forever, and we feel that through organization we have every chance. We are not thinking about a direct confrontation with the Armed Forces, far from it, quite the contrary. We believe that the regime is hopelessly doomed. The tyrant is growing weaker by the day as he gets rid of his accomplices and removes the people who see most clearly and realize what is in store, that some steam has to be let off. He says that he is prepared to die on his feet. Well...the position is the least important thing. The fact is that the day of the big change is in the works among the masses, in homes, everywhere,

[Question] What can you tell us about the subway attacks?

[Answer] They show that the CNI never rests. They have their working methods. The front captured the editor of the newspaper LA NACION and did not treat him like our comrades are treated when they are arrested. His suit was sent to the cleaners. When he was released, even his wife said she wasn't worried because she had been promised that her husband would not be harmed. We are different from the fascists in basic ways, in our methods, not just our goals. The people can thus tell the difference. Where there is bloodshed, where there are innocent victims, the front is not involved. The enemy conducts counterpropaganda activities, but they are foiled by our members' clearly different methods of action.

[Question] What international links does the front have?

[Answer] The front has very good relations with all democratic organizations. There is a broad consensus of solidarity with our struggle. Several governments that may view our actions with distaste have denounced the tyrant who is in control today in Chile. This means that they understand that the Chilean people's struggle is just. On the other hand, no one subsidizes us; the people are financing our struggle. We do not need to import arms. We have large amounts of them. They are right there; we need only recover them for our people. A while ago in Europe there was talk of how much weaponry there was in Chile and of how the European democracies that are moved by the

tragedy of the Chilean people and that vote against Pinochet in the UN are selling him weapons or building rifle factories for him. So, we have better relations with the people who are not doing these kind of things. Our international ties are smoothest with people's, democratic parties.

[Question] When all is said and done, where does the Manuel Rodriguez Patriotic Front stand politically?

[Answer] We are anti-imperialist, we are anticapitalist and we are in common cause with all those who are struggling for liberation. We have no intention of replacing political parties. We are the armed wing of the Chilean people, and though we have taken up arms, we say that no struggle makes sense unless it is a struggle for peace. We are looking carefully at the results of the Reagan-Gorbachev summit. We are struggling for a peaceful future, for justice, for the right to life. And though it may seem superficially like a contradiction, we are taking up arms for peace.

8743

CSO: 3348/2142

CHILE: EXTERNAL SITUATION ANALYZED

Santiago EL MERCURIO in Spanish 2 Dec 86 p C-2

[Text] Minister of Foreign Relations Jaime del Valle stated yesterday that Chile is experiencing a complex situation on its external front. It is the target of Soviet-Cuban aggression because of very clear ideological and strategic interests.

However, he revealed: "Chile's diplomatic action will continue to resist the buffets of foreign intervention, wherever they may come from, to make the independence of our process respected."

The minister made these statements when speaking at the seminar "Chile versus the World: International Pressure" organized by the magazine QUE PASA. Other speakers at the seminar that ends today included: the former ambassador to the United Nations, Attorney Sergio Diez; the former minister of foreign relations, Attorney Miguel Schweitzer Walters; and international expert Heraldo Munoz. They participated in what was called the political analysis of the topic. The economic analysis was set for this afternoon.

The first to speak was Minister of Foreign Relations del Valle. He indicated that it cannot be ignored that the regime is questioned by Western nations through statements and adverse votes in multilateral forums. It is also excluded from certain regional or international initiatives.

However, he maintained that it would be misleading and unfair not to consider those elements that indicate that the country plays an active role in the international arena.

The minister mentioned that the current government has been concerned with the establishment of new diplomatic relations and more missions abroad.

He recalled that in 1973, Chile had 47 accredited embassies; in 1986, this increased to 81. There are now 61 general consulates instead of 25. The 11 consulates have increased to 20 and, instead of 25 honorary consulates, there are now 108. He also pointed out the 27 trade offices that have been opened in different countries; they did not exist at the start of the government.

He pointed out the creation of PROCHILE [Institute for Export Promotion] as a mechanism of the Foreign Ministry to promote trade. According to him, this and the effects of the social market policy implemented by the economic authorities "have served to substantially increase foreign trade."

A third aspect that he pointed out was the "bilateral understanding with neighboring countries." He mentioned the resolution of the conflict with Argentina and the physical integration and economic complementation initiated with that country.

He said: "Naturally, there are problems in a process of that scope, but the realistic work that the Executive Secretariats of Integration do in each country makes it possible to predict much more concrete results than other integrationist projects constructed on mere rhetorical intentions produced."

Minister of Foreign Relations del Valle revealed that the dialogue initiated with the Peruvian Government to achieve compliance with the Treaty of 1929 has been the key to a climate of mutual trust.

He stated: "The preliminary contacts of rapprochement with Bolivia which are aimed at the materialization of practical measures of mutual benefit in the economic, commercial, and cultural spheres and physical integration are equally significant."

Del Valle explained that the source of the pressures is the fact that "the new Chilean model did not correspond to the archetypes desired by the superpowers for the future of our country. In the great 'international chess game,' Chile has become an undesirable or expendable pawn, whether because it has attacked the Communist dogma or because it does not adapt to the image the Western powers have of a developing nation like Chile that suffered a major national trauma between 1970 and 1973 and needs to reestablish itself based on its own reality."

#### Other Speakers

Then former foreign minister Miguel Schweitzer spoke. He focused on the forms and sources of pressure on Chile's foreign relations.

He indicated that it is necessary to keep in mind that the international context is bipolar. He said: "Due to lack of information, both poles view Chile as a place where they do not want the model to succeed."

He said pressures also come from: the local context with democratization as a regional reality; large political internationals like Social Democracy, Christian Democracy, and Marxism; the Catholic Church; and the multilateral organizations.

He said: "Perhaps in the future it is more advisable to consider a greater dose of pragmatism like the developed Western bloc. On one hand, it constantly reinforces its military defenses against the USSR and redoubles the silent interior struggle to contain Soviet infiltration in all its forms

while, on the other hand, it does not hesitate to maintain more or less normal diplomatic and commercial relations."

Heraldo Munoz maintained that, in the last 13 years, the Chilean Government has been subjected to great political pressures from abroad. They include a broad ideological range and demonstrate a high degree of persistence. He said: "The political pressures, in essence, dramatically symbolize the prolonged political isolation of the Chilean regime."

The international expert stated that the reasons for this isolation lie in an authoritarian political project, a style of diplomacy that he defined as "Praetorian-ideological" which contrasts with the "civil-pragmatic" style, and a marked anti-Communist slant to the foreign policy "which contrasts with an international atmosphere very different from the bipolar confrontation of the 'Cold War.'"

He added: "The isolation is not simply a lack of contacts with countries or international actors but rather the difficulty on the part of a state of establishing or maintaining positive and dynamic foreign relations. This implies a deterioration of the 'national prestige' factor, an intangible element of a particularly important strength for countries like Chile that do not have large military or economic resources."

Sergio Diez spoke last. He emphasized that the Popular Unity regime bears most of the responsibility for the current situation. Nevertheless, he indicated that the exiles and human rights cases not yet cleared up also hinder improvement of the image of the country.

7717

CSO: 3348/137

CHRISTIAN LEFTIST PLANS INCOMPATIBLE WITH NATIONAL ACCORD

Santiago TERCERA DE LA HORA in Spanish 5 Dec 86 p 6

[Text] The IC [Christian Left], a signatory to the AN [National Accord], signed a document in Rome with the PC [Communist Party] and Clodomiro Almeyda's Socialists. It was drawn up in Moscow as a proposed agreement among the forces of the opposition.

Informed circles said yesterday that despite the isolation of the PC by the groups of the democratic opposition, the PC is given a seemingly democratic facade, using the IC as a diversionary tactic.

The PN [National Party] has just indicated that it will ask the AN to speak out about the IC. Even political scientist Andres Benavente stated that he will ask the Constitutional Court to ban the IC.

The alternate president of Chilean Social Democracy, Arturo Venegas, said that his group is opposed "to the ban of political ideas or doctrines. We only agree to sanction anti-democratic or violent conduct. From that viewpoint, I do not agree with the proposed ban of the IC."

He also does not agree with condemning it within the AN for having signed a document with the PC "because the AN is a document for future government. The only political pact of democratic opposition is the Democratic Alliance which the IC does not belong to."

Then he stated: "The democracy itself will determine the representativeness of the political positions when there are elections. Then we will see the real popular endorsement for each party since the democracy that we propose will permit the free expression of all doctrines including the out-dated revolutionary theses."

We Do Not Agree

The vice president of the Liberal Party, Claudio Cerda, indicated that the position of the PN is a sovereign decision of that group which the Liberal Party does not agree with.



He pointed out that the Liberals are sure "that we live in a society where there must be room and respect for any philosophy without any limitations other than respect for the democratic system."

He maintained: We think that "the IC has a concept of society which is very different from ours but it does not hinder the joint search of all Chileans for solutions to our economic and social problems. In this great exchange of ideas, there will be agreements and differences among the different political groups."

He repeated: "We Liberals will never sign pacts with parties that do not have a real democratic vocation. When we Liberals speak of democracy, we are referring to representative democracy because when they have other names, they normally are contrary to the democratic concept."

Concerning Andres Benavente's proposal, he noted that they completely disagree "with a proposal that we consider from the Stone Age."

Silva Cimma

Meanwhile, the president of the PR [Radical Party], Enrique Silva Cimma, said that they maintain their position they decided on at the national council last 8 November to condemn the militarization of politics and terrorist and violent strategies and tactics.

Concerning the document signed by the PC, Almeyda's Socialist Party, and the IC, he observed: "We do not see essential changes and strictly and categorically maintain our position."

As to the idea of isolating the IC within the AN, the president of the PR stated that this position will have to be analyzed within the AN once it is proposed. He added: "We do not usually evaluate statements that other parties make."

National Party

The leader of the PN, former senator Patricio Phillips, said that his group's statement concerning the IC continues a solid line.

He explained that the recently adopted agreement is summarized in a few words: "The IC must be left out of the AN."

Phillips indicated that this position is a permanent line of the PN. It is merely repeating its tradition as a rightist group facing the forces of the far left that appear to be acting with violent movements or, in any case, accepting forces that incorporate insurrection as a political method.

Phillips repeated what was stated by the president of the party, Carmen Saenz. She said that the recent public statement signed by the IC, Almeyda's Socialists, and the Communists reveals the extremist vocation of the IC which the PN rejects.



## National Union

The president of the National Union, Andres Allamand, expressed his agreement yesterday with the proposal made by the PN "that the action of the IC is unacceptable and contradictory to the plan of the AN."

He said that he was positive that the PN "has chosen now to denounce violations--in this case by the IC--of the text and spirit of the signed commitment."

He stated that the condemnation of the IC must be unanimous. He added: "That group is not even a signatory since it only adhered to the AN. Therefore, it should simply be left out."

7717

CSO: 3348/137

## UDI TO ESTABLISH LEGAL PARTY STATUS

Santiago EL MERCURIO in Spanish 30 Nov 86 p C-3

[Text] More than 2,500 leaders and supporters of the UDI [Independent Democratic Union] attended a ceremony held in the Libertad Theater located in the Vivaceta district of this capital. The Settlements Department of that movement initiated "a new organizational stage with the objective of accelerating the work to structure the UDI as a party."

The top leaders of the UDI attended led by Secretary General Jaime Guzman. They were welcomed by the executive board of the Settlements Department: Alfredo Galdames, Rene Lopez, and Fresia Navarrete.

The meeting began at 1630 hours with artistic performances. The crowded audience was made up by delegates from the different settlement committees which the UDI has organized in the Metropolitan Region.

The "Simon Yevenes" award was presented to the best leader of the year. This award was given to Ruben Carvacho of the Silva Henriquez Camp. He thanked them for the award, indicating that "this prize named after our martyr and friend Simon Yevenes deeply commits me to follow his example of generous and brave selflessness to the cause of free Chileans."

The president of the Settlements Department of the UDI, Alfredo Galdames, explained in his speech: "The new style of politics which characterizes the UDI contrasts with that of traditional politicians who only showed up in the settlements a few days before the elections. Thereafter, they were conspicuous by their absence."

He said: "The base of the UDI today is authentic and large. Our movement was started to interpret the aspirations of our people seriously, honestly, and constructively."

He added: "Our basic concern is to eliminate extreme poverty, an objective that we believe can be achieved by generating greater wealth and redistributing the income to the poorest through social programs inspired by the principle of subsidies, an indispensable element for the functioning of a completely free society. That is the model of society that we want for Chile because it is a free society, not socialist or communal experiments, which has

proven to be the effective way to guarantee man a full life in accord with his nature as a free man."

Later the president of the Settlements Department referred to crime which threatens the tranquillity of the settlements. "The crime rates in the settlements must be lowered by giving the Carabineros and Investigative Police more resources of every type so that these organizations can make law respected."

He added: "We do not believe that having the people in the settlements form paramilitary brigades--whose control, to say the least, is uncertain--can effectively control crime. On the contrary, if that position is taken, a real law of the jungle will eventually prevail in the settlements."

The coordinator of the Settlements Department and a member of the Political Committee of the UDI, Cristian Leay, referred to the style of political action of that movement. He said: "We have advocated an in-depth transformation of political habits and an effective renewal of the four leaders because we have the conviction that, in the year 2000, political action will have to know how to respond to the urgent demands of an increasingly technical world. Coherent ideas, their pragmatism, and their efficacy in resolving the problems of our time must prevail over bossisms, empty rhetoric, political-electoral ruses, or the always latent and false recourse of demagoguery."

Jaime Guzman closed the ceremony. He appealed to those present to "confront this new organizational stage with the same self-sacrifice demonstrated so far. The final objective is to structure the UDI as a strong and modern party, complying with established legal requirements and increasing our militant cadres in each settlement in Chile."

7717

CSO: 3348/137

## EFFECT OF PROMISSORY NOTES ON BALANCE-OF-PAYMENTS QUESTIONED

Santiago EL MERCURIO in Spanish 3 Dec 86 p B-16

[Text] The consulting firm Gemines expressed doubt about the real effect on the country's balance of payments of the official norms that permit the use of promissory notes for the foreign debt, especially concerning investment.

It added that the information released in recent months might have given the impression "that there is an extraordinary flow of dollars from foreign investors. Therefore, some comments should be made to help correctly interpret what is happening."

The consultants added in their monthly economic report for November that, according to the preliminary reports on the balance of payments, foreign investment reached \$163.5 million in the first half of this year. However, it is very important to know the structure of that figure: a) \$23.3 million in "fresh" investment--that is, new dollars coming into the country; b) \$35.6 million in capitalization of foreign credits; and c) \$104.6 million in foreign investment made with promissory notes for the foreign debt.

It continued that a more recent report issued by the Foreign Investments Committee indicates that the investments materialized until September of this year totaled about \$400 million. Some \$100 million corresponded to DL 600 and the remaining \$300 million to operations carried out with promissory notes.

It stated: "As can be seen, this apparent 'boom' in foreign investment comes basically from promissory notes for the foreign debt through the so-called Chapter 19."

It continued: "The effect of foreign investment with promissory notes on the balance of payments should be made clear. As is known, these transactions do not involve the entrance of foreign currency into the country so, in the immediate term, they do not help alleviate the situation of the foreign sector. In the first 4 years, however, there is a positive effect that corresponds to the 'savings' in interest payments on the promissory notes for the debt that is 'converted' into foreign investment. During that time, the investor cannot withdraw dividends so the country has the security that less foreign currency will leave."

It explained that the \$300 million in foreign investment with promissory notes this year contributes some \$22.5 million per year to the balance of payments for the period 1987-1990, assuming that the cost of the Chilean debt (rate of interest plus spread) is about 7.5 percent per year.

It maintained: "The above, however, is not strictly true. The question is: What would have happened with foreign investment if the government had not authorized the operations with promissory notes? For example, of the \$300 million that materialized this year, is there some percentage that would have entered the country even without the incentive of the promissory notes? Assuming that 10 percent of that investment would have come anyway during the first 4 years (\$30 million per year through DL 600), this would mean that more would have been contributed to the balance of payments than was obtained through the mechanism of the promissory notes ('savings' of interest)."

Gemines concluded by stating: "Obviously, it is difficult to know a priori if some of the foreign investors who are using promissory notes would have decided to invest in Chile without this mechanism. However, this is an aspect that must be considered when the effects on the balance of payments of the rate of foreign investment--which has been higher in recent months--are evaluated."

7717

CSO: 3348/137

## GEMINES: YEAR-END ECONOMIC OVERVIEW

Santiago EL MERCURIO in Spanish 6 Dec 86 p B-3

[Text] Fiscal year 1986 is about to end. It is without doubt the first in the post-crisis period "that is concluding with the widespread feeling that the 'patient' has left the intensive care unit and is in little danger of a relapse. Note that this assessment does not hinge solely on the GDP growth rate, inasmuch as in 1984, for example, it reached 6.3 percent and the atmosphere at the close of that year was obviously not one of optimism."

The quote is from the consulting firm Gemines' latest report on the country's economic situation. It adds that a major development this year was the consolidation of Finance Minister Hernan Buchi as the leader of the economic team, "a significant development that unquestionably helped to bolster the government's credibility in pursuing a known economic policy."

"The stability in the ground rules was bolstered by the authorities' firm commitment to the structural adjustment program agreed upon with the World Bank. The year was characterized by an absence of economic shocks, which had been so frequent in the recent past," the firm goes on to say.

It then indicates that this year's indicators outstripped the predictions of both government and independent analysts. In addition to GDP growth of over five percent, progress was seen in all sectors, while unemployment fell three percent and real wages posted their first significant gain since 1981.

Other developments that Gemines singled out were the drop in the interest rate, which now stands at a surprisingly low level, and the decline in inflation, which will end the year at 17 percent, compared to 26 percent last year.

The firm contends that the Central Bank will probably close the year with an increase in reserves and a decrease in the foreign debt, "a situation that was obviously unthinkable just a short while ago."

It also emphasizes the reduction of the public sector deficit beyond the targets agreed upon with the IMF, along with a "striking increase in business profits and an across-the-board advance in financial indicators."



It also makes the point that the international economic environment went in Chile's favor for the first time and that the decline in the value of the dollar could reverse the deterioration in our terms of trade.

#### Less Slack in 1987

As for what will happen in 1987, Gemines first notes that there was a major qualitative change this year after 4 straight years of clearly worsening conditions or halfhearted recovery. Thus, less spectacular results are to be expected next year.

"Most forecasts are that the economy next year will maintain the gains that it made this year. The GDP will post similar or perhaps slightly lower growth; unemployment will continue to decline, though at a slower pace; real wages will record increases similar to this year's, and inflation will register only a marginal drop. Real interest rates can hardly continue falling, and the outlook is for the trade surplus to be similar to or perhaps slightly smaller than this year's. Major changes are not expected either on the international scene, as far as can be reasonably forecast," the consulting firm contends.

The problem with making another "leap" in 1987 is that a certain amount of "slack" that existed this year has begun to be taken up, and external restraints are again becoming significant as certain compensating factors that kept imports low this year have run their course. Meanwhile, production sectors, such as industry and agriculture, will likely not post major gains, and other activities have begun to evince limitations in their operating capacity."

"In short," the report concludes, "a series of signs suggest that the going will be tougher and that it will be hard to quicken the pace."

8743

CSO: 3348/2142

## MINIMUM WAGE CITED AS MAJOR CAUSE OF HIGH UNEMPLOYMENT

Santiago EL MERCURIO in Spanish 2 Dec 86 p B-12

[Text] While unemployment at the national level continued its downward trend, reaching 13.9 percent in the last quarter, youth unemployment is about 23.9 percent.

This is learned from an analysis of the figures of the National Statistics Institute with the unemployment rate broken down by age group.

According to the above, unemployment is very closely related to the age of the workers. In the first group--those between 15 and 19--unemployment reaches 23.9 percent.

Analyzing the figures of the next segment--between 20 and 29 years of age--it can be observed that the rate goes down to 17.2 percent. The situation is even more dramatic in the 30 to 44 age group where the unemployment rate is 6.9 percent.

## Minimum Wage

According to many specialists, the youth unemployment rate is related to the restriction on paying lower wages imposed by the existence of a minimum wage. In effect, the majority of the people in those age groups have little or no work experience. Therefore, an employer is only willing to hire them at a lower wage.

They point out: "The youth who has just joined the labor force receives part of his wage in the form of training. In fact, the lower wage he is offered is a way of paying for his training."

The existence of a minimum wage impedes that adjustment. This is translated into increased youth unemployment because, under equal conditions (wage, education, etc.), employers prefer to hire experienced workers.

The relationship between a minimum wage and youth unemployment is clear when analyzing unemployment from 1980 to 1986. Precisely in the period when the minimum wage was eliminated for those under 21 and over 65 (August 1981), the

unemployment rate of those age groups drops in some periods and rises less in others.

In the period between October and December 1980 and 1981, the unemployment rate as a whole increased. Nevertheless, the increase in youth unemployment is lower than any other age group except those over 65.

With the beginning of the crisis in 1982, everything indicated that the adjustment would be translated into a much higher youth unemployment rate due to their low skill and productivity. Nevertheless, the figures show the opposite and the rise in youth unemployment was substantially lower than that of other age segments.

This trend ended in December 1984 when the minimum wage was reestablished for those under 21.

Therefore, while the overall unemployment rate drops again between 1984 and 1985, the only segment that experienced an increase was the youth.

Looking at the figures of the quarter April-June 1986, it can be observed that the situation continues with youth unemployment reaching 24.9 percent.

One specialist indicated: "The above is extremely harmful due to the fact that not only are more youths deprived of the chance to work, but they are also being deprived of the necessary training."

7717

CSO: 3348/137

## BRIEFS

PARTY FORMATION PROPOSED--Mario Mosquera, dean of the Law School of the University of Chile, delivered a document yesterday morning to Minister of Interior Ricardo Garcia. The document contained considerations and proposals for the bill on political parties like a range of 10,000 to 25,000 signatures for the formation of political parties and agreement that there should not be regional parties. After his meeting with the minister, Mario Mosquera indicated that the document was drawn up by professors of constitutional law from that school. The dean said that the observations refer basically to aspects already discussed by other universities like regional parties, the elimination of parties on the so-called "electoral threshold," and aspects that might be unconstitutional. He added that seven professors worked on the document. The analysis was done by a comparative study, article by article. The work of each professor was accompanied by opinions from Luiz Bulnes, Carlos Cruz Coke, Paulino Varas, Salvador Moore, German Urzua, Ana Maria Garcia Barzelatto, and Mosquera himself. As to unconstitutional aspects, he revealed that some professors' objections refer basically to the determination of the objectives of the political parties and other aspects that he declined to mention. He added that the proposed range of 10,000 to 25,000 signatures for the formation of political parties replaces the high number that has been tossed around in other spheres. [Text] [Santiago TERCERA DE LA HORA in Spanish 29 Nov 86 p 4] 7717

PRIVATIZATION CONSIDERED ESSENTIAL--Punta Arenas--Minister of Economy Juan Carlos Delano said that he considers it important for enterprises to become private, "when they are not strategic, of course." The minister issued statements after meeting 2.5 hours in the Intendancy with private businessmen from the southern zone. He said: "The businesses that are becoming more than 51 percent private comply with what I said; they are not strategic. These enterprises and others where a smaller percentage is being sold mean resources that the treasury needs to continue growing so that there can be more investment." The minister explained: "If those enterprises are not sold and 100 percent of them is retained, it would be necessary to obtain those resources through a tax increase or other painful solutions that would discourage investment and the growth of the private sector. In my opinion, the more shareholders enterprises of this type have--with workers and private national businessmen in general being the shareholders--the more it permits them to be managed economically and not be used politically like they could be or were in the past. They were large employers based on the political use of

the party in power and sometimes the rates that were collected were lowered artificially, always benefiting the people with more resources because the rate was always handled politically. This cannot happen in the future because the workers are going to defend their job sources and the investors and workers on the executive board are going to watch over the management." [By Francisco Eterovic] [Text] [Santiago EL MERCURIO in Spanish 30 Nov 86 p C-2] 7717

CSO: 3348/137

HASENFUS AFFAIR BELIES ARIAS' NEUTRALITY POLICY

San Jose LIBERTAD REVOLUCIONARIA in Spanish 7-13 Nov 86 pp 6-7

[Text] When the news broke on 6 October that a plane carrying military supplies for the Contras had been downed in Nicaragua, military and government leaders in the United States, Honduras, El Salvador and Costa Rica were very upset. Their emotions turned to shock when they read a few lines later in the same wire that one of the crew members, an American, had survived and had been captured.

One of the men who organized the flight, Luis Posada Carriles, a Cuban-born CIA agent who is now living in San Salvador under the name Ramon Medina, knows from his own experience the danger that such survivors can pose. Posada and Orlando Bosch were fingered in 1976 as the individuals responsible for the bomb blast aboard a Cubana de Aviacion airliner, when Hernan Ricardo, another of the culprits, heard rumors that 10 people had survived the explosion of the bomb that he himself had placed in the aircraft's restroom. The 73 passengers, almost all of them young athletes, perished, but the rumor made Hernan Ricardo so nervous that he was behind bars in a matter of hours. He also sent Luis Posada to jail, though he escaped last year after 9 years imprisonment in Venezuela.

In this case, only Eugene Hasenfus needs to fear prison bars. The fears that arose among government and military leaders are of a different nature.

At the time the plane was downed, Ronald Reagan was expressly banned by the U.S. Congress from supplying aid to the Contras. The ban was lifted on 16 October when Congress approved \$100 million in aid for them.

The governments of Honduras and El Salvador have repeatedly denied that they are involved in the Contras' activities and in U.S. aggression against Nicaragua; in fact, they are trying to portray Nicaragua as a potential aggressor.

Our government has told the world that neutrality is our hallmark, asserting that no cooperation is being offered here in the Contras' military actions and that peace is the mainstay of Oscar Arias' foreign policy.



## Denials From All

Everyone had a reason to deny any link whatsoever with the downed plane and everyone denied it in unison.

On 8 October, 2 days after Hasenfus was captured, simultaneous statements were forthcoming, as if strung together on a single chain, from Washington, San Salvador, Tegucigalpa and San Jose.

"We are aware of groups of private citizens who are trying to help the Contras but we have nothing to do with that," said President Ronald Reagan.

Salvadoran President Napoleon Duarte and a communique issued by the Press Committee of the Armed Forces (COPREFA) denied that the plane shot down in Nicaragua was from El Salvador. Honduran Foreign Minister Carlos Lopez made a similar statement.

Our country's deputy minister of public security, Col Rogelio Castro Pinto, gave assurances that "the plane that was downed the day before yesterday by Nicaraguan Government troops did not fly over national territory." He went on to say that "had it done so, it would have been spotted by the Civil Guard posts along the border."

If Hasenfus read these statements, he must have thought to himself that they had denied him not three but four times before the cock crowed.

Because the cock had not yet crowed. Hasenfus spoke for the first time in public after his capture on 9 October, one day after the governments of the United States, El Salvador, Honduras and Costa Rica spoke of his aircraft as if it had fallen like manna from heaven or emerged from the sea like Aphrodite.

## Hasenfus Implicates All Four

Hasenfus' statements to a hundred or so newsmen from all over the world were clear-cut and precise.

The plane took off from Ilopango military airport in San Salvador, skirted Nicaragua's Pacific coast, flew over Costa Rican air space, was in radio contact with Los Chiles airport and then entered Nicaragua, where it was shot down.

Hasenfus said that since July he had made 10 flights into Nicaragua transporting military equipment to the Contras, 4 from the El Aguacate military base in Honduras and 6 from Ilopango military airport in El Salvador. On the latter flights he always flew over Costa Rican territory before entering Nicaraguan air space from the south.

The American citizen asserted that he was working for the CIA along with 14 other men in El Salvador. He identified anti-Castro Cubans Max Gomez and Ramon Medina (Luis Posada) as the CIA chiefs in charge of supporting the Contras in El Salvador and Honduras.

The ID card that enabled him to get around Ilopango Airport bears the number 4122, is signed by the commander of the Salvadoran Air Force, Juan Rafael Bustillo, and carries the caption "Adviser USA."

Everyone who rushed to deny links with Hasenfus came out with mud on their faces. When a plane goes down, everybody gets wet.

#### New Disclosures

But the rain did not stop there. The U.S. press began to poke around, and so did some political leaders.

Hasenfus said on 15 October that Max Gomez and Ramon Medina boasted of their ties to the vice president of the United States, George Bush, who used to be CIA director.

The same day, THE NEW YORK TIMES claimed in a front-page article that Ilopango Airport "for the last 3 years has been the waiting room for CIA agents, counterrevolutionary leaders and American military advisers."

Senator John Kerry said that he had statements from 50 witnesses that the Reagan administration and the CIA had ties with the Contras, and he specifically mentioned that John Hull, an American who lives in the northern part of the country, has received \$10,000 a month from the U.S. National Security Council to collaborate with the Contras.

The link between Max Gomez and the White House became undeniable when THE WASHINGTON POST disclosed his meetings since 24 January 1985 with Donald Gregg, the National Security Council assistant director of political and military affairs.

As if that were not enough, the prestigious paper established that Vice President Bush himself had met with Gomez on 6 May of this year in Washington and on 20 May in Miami.

Cornered, Bush tried to get rid of the hot potato by claiming that Max Gomez was a military adviser whom El Salvador had hired and that he had spoken with him in that capacity.

The vice president's statement irritated the Salvadoran military because if they admitted that Gomez worked for them, they would have to shoulder the responsibility for all his crimes.

The denial was not long in coming. Mauricio Salvador Hernandez, a Salvadoran military spokesman, told THE NEW YORK TIMES on 16 October that "Bush tried to wash his hands of the matter and foisted the problem off on us." He acknowledged that El Salvador and Honduras "are being used to supply the counterrevolutionaries" but pointed out that in spite of what Bush may say, Gomez is not in El Salvador as an adviser of that country's army.



## An Airport in Costa Rica

On 24 October Hasenfus told THE NEW YORK TIMES that this year a plane with supplies for the Contras used a clandestine airstrip in Costa Rica.

THE TIMES felt that as described by Hasenfus, the airfield was very similar to Potrero Grande in La Cruz, Guanacaste, which had been discovered 2 months before.

Two days later came the denial from Minister Hernan Garron, just as 2 days after the downing of the plane in Nicaragua came the denials from the governments of El Salvador, Honduras, the United States and Costa Rica.

This time, however, Garron's remarks included an afterthought, just in case. "I guarantee," he said, "that since I took office, no plane has left the country with aid for the Contras WITH OUR CONSENT" [as in original]. "It is possible," he went on to say, "that a plane is using clandestine airports in the country, but it is doing so without the authorization of the current administration."

Our security minister is washing his hands of the affair, just as Vice President Bush tried to do. But Eugene Hasenfus' statements and the charges by Senator John Kerry make three things clear in connection with our country: that the aircraft that leave from El Salvador with supplies for the Contras fly over our territory and are in communication with Los Chiles Airport; that at least one clandestine airfield in our country has been used to supply the Contras; and that John Hull is still working for the Contras in Costa Rica, as has been repeatedly reported.

8743

CSO: 3248/123

## GATT MEMBERSHIP NEGOTIATIONS UNDER WAY

### Background, Benefits Described

San Jose RUMBO CENTROAMERICANO in Spanish 17-23 Oct 86 pp 20-21

[Article by Maria Elena Carvajal]

[Excerpts] Even though Costa Rica, as a beneficiary of the Caribbean Basin Plan, has pledged to join GATT, so far it has only sought provisional membership, and full-fledged membership is far off.

Among other things, the new Central American tariff, which took effect as of this January, had not yet been approved. This is an important point, inasmuch as under GATT's second fundamental trade principle, "protection for domestic industries must essentially be in the form of a customs tariff, not other commercial measures." This is precisely the purpose of the new regional instrument.

The coordinator of Costa Rica's negotiations with GATT, Dr Alvaro Lopez, felt that the new tariff, which provides less protection than before, would be of help to the country in the event that local authorities decided to seek full-fledged membership.

### First Steps

Meanwhile, this week in Geneva, where GATT headquarters is located, the official in charge of the Government Export Program, Mrs Muni Figueiras de Jimenez, officially presented GATT with a memorandum on foreign trade policy that in no way commits the country and that, rather, is part of an administrative procedure that must be completed when applying for provisional membership. Moreover, the procedure does not include tariff negotiations, which are conducted only when final membership is at issue.

As Dr Lopez explained, the document outlines what Costa Rica's trade policy instruments are (the existing tariff and customs system, the structure of the tax system, the selective consumption and sales tax, among others, and import and export controls such as export taxes, the Barter Law, the Free Trade Zone Law and the Assembly Plant System).

There is also mention of monetary, exchange and balance of payments policy (the Organic Law of the Central Bank and the Currency Law, among others), as well as trade with other countries (the Central American Common Market, the partial agreements with Colombia, Mexico and Venezuela, etc), without omitting, of course, foreign trade institutions (the Export Program and the government's desire to turn it into a Ministry of Foreign Trade, and Free Trade Zones, among others).

After this official presentation, some of the contracting parties will tell the general director of GATT of their interest in belonging to the task force that will analyze Costa Rica's application. Dr Lopez stated that it would probably consist of countries such as the United States or members of the EEC, which have very close trade relations with Costa Rica.

According to preliminary estimates, the group will be set up this November. Next January it will prepare a questionnaire that the country will have to fill out perhaps in February and that will include questions on all kinds of trade practices and their repercussions on the international market. In March the nation's representative will have to attend an interview session with the task force, and if all goes well, in April the foreign minister and the head of the Export Program will sign the provision membership protocol.

#### Our Way

Dr Lopez clarified that there are many ways to join GATT and that while some nations prefer to apply for full-fledged membership right away, others, such as Costa Rica, would rather proceed gradually.

In his opinion, this "very Costa Rican" approach has enabled the country to get to know the organization over the past 2 years and to prepare itself earnestly and responsibly for the trade negotiations, which will have to be conducted when the country decides to apply for full-fledged membership.

He emphasized that at GATT's most recent meeting, the gathering of ministers at Punta del Este, Uruguay from 15 to 20 September, he learned that the country would not have major problems securing full-fledged membership. He added that the nations that will likely be on the task force "are prepared to respect our development model and back the accords with the IMF and the World Bank." They also think highly, he said, of Costa Rica's contribution to regional trade in signing the new Central American tariff.

The problem, Dr Lopez admitted, is that as long as Costa Rica is not a full-fledged member of GATT, it runs the risk of being the target of accusations such as the ones that producers in the United States recently leveled at us; they feel that Costa Rican exporters of flowers and ornamental plants are hurting them by selling these items under more favorable conditions than theirs because of the subsidies that they receive here. A suit has currently been filed on these grounds, and even provisional membership in GATT will not prevent such action in the future.



## Benefits

Dr Lopez stated that one of the benefits that will accrue to the country from provisional membership is participation in the "Uruguay Round," so called because the starting point for the negotiations was the ministerial meeting in Punta del Este last September. The hope is that the negotiations will last 4 years and succeed in making world trade truly freer.

In addition, Costa Rica will have greater access to official and unofficial information on trade possibilities with various countries. For example, the Export Program recently learned through GATT that Austria has a special export system that allows countries like Costa Rica to export handicrafts there on preferential terms. Moreover, it will get to know GATT even better.

Even so, export sectors want Costa Rica to join GATT mainly to eliminate the barriers to shipments of nontraditional products to the United States under the conditions offered by the Caribbean Basin Plan that President Ronald Reagan has pushed to aid the region's development.

The presidents of the chambers of agriculture, Alfredo Robert, and of commerce, Samuel Hidalgo, felt that this is the main advantage of belonging to GATT.

For his part, the president of the Costa Rican Chamber of Industries, Jorge Woodbridge, has underscored this advantage, adding that the country must prepare itself very well to undertake the tariff negotiations when it applies for full-fledged membership.

Dr Lopez, however, stressed that Costa Rica is already well prepared, as it has sent several officials to take training courses at GATT headquarters. Moreover, it has sponsored seminars and will hold further such meetings in the near future. Although it is not yet known how much longer it will take the country to apply for full-fledged membership in GATT, when it does, the public and private sectors will have to work together very closely.

## Role of Business Underscored

San Jose LA NACION in Spanish 1 Nov 86 p 15-A

[Commentary by Jorge Woodbridge G.: "GATT and Private Enterprise"]

[Text] The General Agreement on Tariffs and Trade (GATT) took effect in January 1948 among 23 countries. GATT's almost four decades of existence have been characterized by major meetings, difficult negotiations, confrontations between developed and underdeveloped countries (and even among themselves) and significant accomplishments.

There are currently 92 member countries in GATT, and more than 30 observe its standards "de facto." These 92 countries together account for more than four-fifths of world trade, and the number of countries that have signed the agreement will likely increase in the years to come.

GATT is the only multilateral instrument that sets agreed upon norms to govern international trade. Since it was founded, it has been the main international organization in charge of negotiating the reduction of trade barriers. GATT seeks open, unrestricted international trade that will foster competition and gradually abolish the protectionist measures that so many countries have in place.

An official GATT document of March 1985, entitled "Trade Policies for a Better Future," states that free international trade is one of the keys to sustained growth because it opens up vast markets for companies in every country, spreads technology and innovations throughout the world and spurs each nation to achieve higher levels of productivity.

It cautions, however, that "we are not seeing an opening up of the world market today; instead, we are seeing an ever larger number of restrictions that are on the verge of choking it off."

We can see from the outset that the road to achieving GATT's goals is full of obstacles and accomplished facts. Reconciling the interests of countries as different as Japan and Zimbabwe, or Haiti and Germany, is undoubtedly one of the institution's primary challenges. Developed and developing, democratic and communist countries get together at the periodic meetings that GATT holds, and conflicts that at times take years to resolve surface at its "summits" (which are called rounds).

Although one might think that there is no reason for the developing countries to belong to GATT, since these nations' fledgling industries need protectionist measures, the fact is that more than two-thirds of the members of GATT are developing countries. And the Membership Protocol, which is the instrument whereby a country joins GATT, sets special conditions in accordance with each country's situation.

The contracting parties (the name given to the countries that belong to GATT) resolved in 1979 that "taking into account the special difficulties and specific needs of the countries that are least advanced in their trade, the developed countries will act with greater restraint in trying to secure concessions or contributions from these countries in exchange for their pledge to reduce or abolish customs duties and other obstacles to trade."

There is a specific procedure for joining GATT. The candidate government submits an application; a commission is set up to examine the case; the candidate government submits a memorandum on its trade policy; then the members of GATT can ask the candidate government questions, and finally the commission drafts a report. The procedure leading up to membership in GATT includes stages that are very important for the applicant.

A few weeks ago, the director of the Foreign Trade Program, Mrs Muni Figueres de Jimenez, announced that Costa Rica would this month begin applying for provisional membership in GATT. Such a major decision, as well as the negotiations leading up to membership, ought to have effective input from Costa Rican private enterprise. The State has a responsibility to consult the private sector and to involve it in taking this important a step.

We do not yet have a full, detailed knowledge of GATT's workings. We can assume from the outset that membership will be beneficial to the country. For example, GATT includes provisions designed to provide special, differential treatment for developing countries in connection with subsidies for exports of industrial goods to third-country markets.

Furthermore, by joining GATT, every country becomes entitled to receive most favored nation status from all the contracting parties. In other words, by joining GATT, the country will secure most favored nation status from countries that together account for about 80 percent of world trade. The country thus does not have to hammer out as many bilateral agreements.

In addition, a developing country that joins GATT is entitled to have bound duties applied to its exports in the markets of all the contracting parties, thus protecting itself against any eventual increase in these duties. Since the members of GATT have pledged to free up trade by steadily reducing tariffs and other barriers, a country that becomes a contracting party assures itself the advantages that accrue from such ongoing reductions.

Another advantage to GATT is the mechanisms that it provides for resolving trade conflicts that arise between members. Countries are supposed to consult each other on trade problems, but if they do not achieve a satisfactory and just solution, they can file a claim. The "formal" status of equality that obtains in this forum would make it easier for a country like ours to obtain justice, inasmuch as the force of reason, not the law of the jungle would prevail. Finally, the developing countries can secure technical assistance and advisory services from GATT in trade policy, as well as cooperation to help them participate in its activities and negotiations. The Technical Cooperation Division was created for this purpose.

These are arguments for joining GATT. Others could say that GATT imposes restrictions on the developing countries' freedom of action and places the same sort of obligations on them as on the industrialized countries. Although joining GATT obviously entails commitments, countries like ours are allowed some degree of flexibility to adapt in a gradual, orderly fashion to their new circumstances.

We have repeatedly indicated that major reforms must be undertaken in the national economy. Producing more and better products, exporting more, promoting both domestic and foreign investment, boosting productivity and creating jobs are goals that demand the involvement of the government, private enterprise and the workers. Success is possible if they work together.

In light of the major commitments that the country would take on by joining GATT, we feel that real and effective input from the private production sector is indispensable. Decisions of this magnitude cannot be made unilaterally. The first steps are to study GATT in greater detail, to decide whether membership is really in Costa Rica's interest (as it seems a priori) and to coordinate the efforts of government and private enterprise. If the decision is that we ought to join GATT, fine, but decisions of this magnitude can be

made only with input from the concerned parties, based on careful prior studies, seeking a consensus and placing the good of the country first.

#### Commentary Questions Merits

San Jose LIBERTAD in Spanish 26 Sep-2 Oct 86 p 4

[Commentary by Alberto Venegas: "GATT: Is It Good for Us? Is It Bad for Us?"]

[Text] GATT is the English acronym that stands for General Agreement on Tariffs and Trade. It was established in 1947 under the UN among 23 countries. By 1975 its membership had expanded to 100, including some socialist countries: Bulgaria, Cuba, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia. The number later dropped to 92, though some 30 other countries are de facto members of GATT.

This major international organization is supposed to: a) "Guarantee" among member nations the principle of "most favored nation" status (in other words, the most advantageous trading conditions), b) Do away with restrictions on import volumes among member countries as long as a given country's financial condition is not thus jeopardized, and c) Conduct bilateral and, mainly, multilateral consultations when disputes arise.

In 1975, the underdeveloped countries claimed to have gotten the highly developed capitalist countries to eliminate obstacles to their exports, in keeping with the spirit of a New International Economic Policy that the UN accepted in 1974 but that the United States does not want to acknowledge even though it says that it respects "democracy" and the majority decisions of the organizations to which it belongs.

To "facilitate" international trade, accords have been hammered out in GATT to cut back tariffs. But the United States has not cut back, to safeguard the competitiveness of its own goods. In contrast, invoking "democracy," it has demanded that our countries abolish tariff protection so that American goods can be imported without restrictions and ruin us, and it has succeeded through pressure from the IMF and its embassies.

Costa Rica has belonged to GATT as just an observer since 1985. There are officials who feel that if we switch our status from observer to full-fledged member, we, like other countries, will be up against the aggressive, scornful and bad faith policy of the United States, so deep is its disdain for the agreements under which countries are supposed to receive equitable treatment in trade matters and so widespread has this disdain become in the rest of the world.

There are also officials who, calling on their experience and citing their mistrust of the power to the north, feel that formal membership will most likely not be just a futile gesture but in the long run will be prejudicial, because GATT is just another net that the United States uses to fish in an ocean where it imposes forcibly imposes the laws.

Early this month, the undersecretary of state for Latin American affairs, Mr Elliot Abrams, asked our government to join GATT so that "it can explain its economic and trade policies" to the organization.

Vice President Jorge Manuel Dengo was quick to assert that membership in GATT is a necessity. For his part, Economy Minister Escalante did not venture an opinion for or against, which shows that he at least has doubts about whether Costa Rica ought to hop on that bus.

Other high-level officials have privately voiced their categorical opposition to Costa Rican membership in GATT.

8743

CSO: 3248/123



## MORA REFUTES DESTABILIZATION CHARGES

San Jose LIBERTAD in Spanish 31 Oct-6 Nov 86 p 2

[Article by Manuel Mora Valverde]

[Text] Rafael Angel Calderon Fournier, head of the Social Christian Party, unexpectedly proposed a meeting with the president of the republic, Oscar Arias. It is surprising. Calderon has systematically rejected all the proposals the president of the republic has made to meet with him. Why has he changed his mind so suddenly and decided to propose a meeting? There is something even more surprising. As soon as President Arias accepted Calderon's proposal, Calderon began to set conditions for his own attendance at the meeting. According to LA NACION Wednesday, 29 October, page 4-A: "Before the dialogue between him and the president of the republic, the government must specify which bills they will discuss." Wasn't Calderon the one who proposed the meeting? Why did he ask for it? Then comes the doubt: Was the meeting demanded by some colossal force over the president of the republic and the president of the Social Christian Party?

This is very serious. This can be interpreted as the preparatory act for a Central American tragedy which President Reagan's representatives want to push the Costa Rican people into. We remember a warning from a very authoritative source: "If President Arias does not submit to the U.S. plan against Nicaragua, Arias will be overthrown by a coup d'etat." When we heard this threat, we did not take it seriously. Later, however, we had the opportunity to see a subversive plan develop that is shamelessly attributed to the Communists. It can turn into a coup d'etat or some other maneuver that can yield the same results.

The editorials in LA NACION and LA REPUBLICA frequently seem to be written by people well acquainted with the CIA's plans in the region, particularly in Costa Rica. Those editorials have always given us a very good light in order to study the complicated political and economic situation of our country. Let us listen, for example, to what an editorial in the Sunday edition of LA REPUBLICA announced on 26 October (3 days ago):

Concerning the U.S. elections for representatives that will be held on 2 November, the editorial states: "Military aid to the Nicaraguan rebels is very important to the U.S. public and could well determine the results of the



elections. If we recall that the elimination of Communism in Grenada increased President Reagan's popularity, we can see why the strategists of the Republican political campaign decided to let military aid to the Nicaraguans rebelling against Communism be decided by the election. This aid would precipitate war actions in the neighboring country and repercussions in Costa Rica. There is also the possibility that they decided to postpone the execution of the aid agreed on until after the elections. What is obvious is that the aid will come and will come very soon. That reality, impossible to ignore, places Central America and our country in an extremely critical position as will be demonstrated in less than 2 weeks." In other words, according to this announcement in LA REPUBLICA, in the worst of cases the tragedy will be developing in the middle of November.

Coinciding with that forecast, the press is announcing possible "acts of terrorism by the Communists." Those newspapers report that we Communists, obeying orders from Nicaragua, are contriving to destabilize the government and overthrow it. However, I am qualified to draw the opposite conclusion. The executors of Reagan's policy are the ones interested in destabilizing President Arias and overthrowing him if he does not submit to them. Consistent with an old practice, they are the ones who are going to develop a terrorist campaign.

Some days ago, a top government official reported the existence in Nicaragua of a "Mora Canas Brigade" in charge of training Costa Ricans to be used to destabilize the government of our country. According to the official, our authorities have proof of that. The reactionary press has been pressuring for publication of that proof but so far the top official has not decided to do it. On the other hand, in the 19 October issue of LA NACION, Rodolfo Cerdas reports the existence of a military machine run "by Manuel Mora's son." Did that denunciation by Rodolfo Cerdas come about by chance? Doesn't it seem obvious that it is part of the introductory plan for coming events?

Have we ever hidden the fact that we sent a column commanded by my son Manuel to help the Nicaraguan people defend themselves from the tyranny of Somoza in 1979? Who in Costa Rica does not know that?

The people of Costa Rica can be sure--and these statements have the endorsement of almost 60 years of struggle--that my party is the strongest opponent to terrorism in Costa Rica. They can also be sure that my party will do everything it can to defend the tranquillity of our people. The campaign against us is slanderous. This does not mean that we are capable of denying our solidarity with the Nicaraguan people in their fight to defend themselves from a foreign invasion. Our ancestors offered that solidarity in 1856.

7717

CSO: 3248/120

GOVERNMENT, OPPOSITION URGED TO COLLABORATE

San Jose LA NACION in Spanish 5 Nov 86 p 14-A

[Editorial: "Dialogue and Agreement"]

[Text] With the country plagued by many severe economic, political, and social problems, the government of the republic has encouraged the signing of a social pact or agreement between it, the businessmen, and the workers similar to the singularly successful ones that were approved, for example, in Spain, Italy, or Austria.

If the objective of this effort toward solidarity is the general interest that must prevail over personal or union objectives, it did not proceed consistently toward this tripartite agreement because it omitted the political level, a basic step in order to solve national problems within a framework of efficiency, fluency, and harmony and to point out an exemplary way of action for other social groups.

At the end of October, however, the need for a dialogue between the government and the opposition was obvious. The magnitude of national problems, the conviction that the challenges of the crisis cannot be confronted unilaterally, and the slow dispelling of the sequels to the last political campaign have possibly led to a greater opening and even dialogue.

The time is right. Six months of work by the government and the opposition in the Legislative Assembly have made it possible to evaluate the strong points and weak points, the importance of the task, and the gloomy forecasts. To persist in a strategy of closed doors, skirmishes, or in-fighting hurts the nation and discredits the participants. We would be poorly serving our touted democracy if we praised efforts toward dialogue in other countries and even demanded it while the government and the opposition deny the very root of our constitutional and political development: national agreement.

If both parties are in agreement, it would be wrong to postpone dialogue. The only condition should be the prior determination of concrete topics that could be revised in the first meeting and expanded in later meetings.

These basic points include the following. For many years there has been a need for a frank dialogue to find points of agreement and, therefore,

eliminate political, psychological, and mental obstacles that have impeded their analysis and solution.

First, there must be agreement on the progress of the Legislative Assembly since its paralysis and extreme slowness constitute one of the main causes of delay, waste, and lack of effective controls over the state. In other democratic countries, complex bills essential for the country and, at times, for the world are promulgated in a few months while in Costa Rica it takes many years to pass laws that are urgent for the Costa Ricans. An in-depth review of the regulation of the Legislative Assembly is imperative.

The country also needs a basic bipartisan agreement on foreign policy in order to repel Nicaraguan aggression with dignity and to increase our country's prestige in the world. They must also agree on national security, both its domestic and foreign aspects, on drug traffic, on the reduction of public expenditures, on national education, on the foreign debt, on the pressing need to fight the scourge of corruption, and on the elimination of many legal loopholes--laws and decrees--that have led to the creation of every type of privilege and illegal act.

The country is waiting for the prompt realization of this act of political maturity and, through it, a change in attitude to solve national problems.

7717

CSO: 3248/120

## WOODBIDGE URGES GOVERNMENT TO REDUCE SPENDING

San Jose LA NACION in Spanish 13 Nov 86 p 15-A

[Article by Jorge Woodbridge]

[Text] The Central Government's deficit for 1986 is expected to be about 2.5 percent of the GDP, not very different than it was in 1985 (2.1 percent). The numbers speak for themselves. It is urgent that the fiscal authorities exercise strong control over public expenditures. Nevertheless, when studying the budget for 1987, we see that a worrisome trend toward increased expenditures continues, hundreds of new jobs are created in the Public Sector, and ordinary expenditures will be financed with extraordinary revenue which will cause serious distortions when that "circumstantial" revenue is not available.

In addition to the 2.5 percent deficit, there are losses of the Central Bank of Costa Rica (6 percent of the GDP). The main cause for them was monetary financing of the fiscal deficit. Therefore, we are talking about a consolidated deficit of the Public Sector of approximately 8 percent of the GDP which represents a serious destabilizing element of our allegedly stabilized economic system.

The increase of the deficit in the Public Sector is undoubtedly an obstacle to the effective revitalization of our economic system. Unfortunately, it seems as if the Central Government has not yet made the necessary decisions to impede the growth of the state machine and to achieve rational exploitation of our limited resources. This situation can have very negative consequences for the country immediately and in the medium term.

For example, a few weeks ago government officials reported that international banking agreed to renegotiate Costa Rica's foreign debt as long as the government signs an adjustment agreement with the IMF. This means that the government will have to draw up a letter of intention as soon as possible in which it clearly stipulates the objectives and policies it will carry out. Of course, one of the basic aspects of this agreement will be the situation of public finances, the overall deficit and its financing.

As we noted before, the 1987 budget poses serious questions. The fiscal deficit for 1987 is estimated at approximately 6,835,000,000 colones which means excessive expenditures of almost 9 billion with respect to the initial budget for 1987. Those estimates do not include major allocations for the

agricultural-livestock and housing programs and specific allocations that, since they cannot be financed adequately, would lead to a much larger deficit.

To achieve a new agreement with the IMF, the government will have to justify the origin of the resources that will be allocated to finance those extraordinary expenditures. In the concrete case of the Agricultural-Livestock Program, the negotiations can become complicated if we consider the losses of the CNP [National Council for Production] and the subsidy of the interest rates. The situation is complicated even more by the losses of the Central Bank that, by nature, tend to grow with time. The Central Bank cannot finance its deficit with its own resources; thus, the IMF will insist on seeking a fiscal solution to the problem.

Unfortunately, the options for balancing public finances are not very encouraging. The most immediate possibility is an increase in the tax burden--already high enough--which could not yield the expected results because of the existing inefficiency in tax collection. Financing through bonds would lead to a saturation of bonds on the market, a higher interest rate, and a withdrawal of resources from the private sector. This would make revitalization and the goal expressed to foreign creditors of achieving real sustained growth of about 4 percent per year more difficult.

In short, we can state that the intensity with which the government is using bonds as a source of revenue is worrisome. In effect, the financing of the extraordinary budget for 1986 as well as the fiscal deficit programmed for 1987 rests on the issuance of bonds.

In the absence of a sound and solid revenue base, the government option in order to maintain a deficit compatible with an adjustment program is to reduce expenses. This unquestionably requires firm fiscal discipline when the 1987 budget shows that expenditures increase. The facts are clear as are the objectives that must be achieved. However, the government attitude is not consistent with the circumstances.

We cannot forget that the country has a background of not fulfilling the previous contingency agreement with the IMF, partly because of its inability to reduce the consolidated fiscal deficit, mainly due to the losses of the CNP and the Central Bank.

We, especially government officials, must keep in mind that an eventual failure in the negotiations with the IMF would close the doors to renegotiation of the foreign debt. This would condemn the country to failure and eliminate every possibility of revitalizing our economy. In the end, all the efforts and sacrifices of these last years will have been in vain and, even more serious, perhaps insignificant in comparison to what we would have to do in the future. We repeat that the facts are easily verifiable as are the problems and their solutions.

The government has the floor.

7717

CSO: 3248/120

## BRIEFS

THREE MINISTRIES CREATED--With the Liberationist votes of the Financial Affairs Committee, an Executive bill that creates the Ministry of Foreign Trade, the Ministry of Science and Technology, and the Ministry of Housing was approved. Organizations under the first new ministry include the free zones, CENPRO [Investment and Exports Promotion Center], and the National Investment Council. CONICIT [National Council for Scientific and Technological Research] is under the second ministry and INVU [National Institute of Housing and City Planning] is the executing branch of the third ministry. Liberationist Fabio Molina stated that the reorganization will make it possible to carry out the tasks proposed by the Executive Branch. He denied that public expenditures will increase because, in his opinion, already existing organs have been regrouped. [Text] [San Jose LA NACION in Spanish 12 Nov 86 p 1-A] 7717

CSO: 3248/120



## USE OF STATE PROPERTY FOR PRIVATE HOME CONSTRUCTION EXAMINED

Havana BOHEMIA in Spanish No 45 7 Nov 86 pp 21-18

[Special article by Manuel Gonzalez Bello: "The Dirty House"]

[Text] "The case of the crane" or "the house in Guanabo" are two phrases that are used to identify the events narrated in this story. In essence, the facts are public knowledge. BOHEMIA has waited for the legal prosecution to run its course before reporting the details. Some of the protagonists tell their stories.

### Woman Sells House

This story came to light on 19 April 1986, but it began long before then, in 1963, when Silvia de la Caridad Cedre Consuegra built a small house out of wood. The homesite was in the district of Sibanimar, in Guanabo, in a high enclave overlooking the beach to the east of Havana.

At the time Silvia was very young; now the mother of six children, she shows her 39 years.

A restaurant employee, she never did the final paperwork to legalize her home, which over the years became a rubblework building.

Towards the end of the 1970s, a young man named Fidel Torres Cordero was called up to do his Military Service and came to Havana from his native Manzanillo. When he was demobilized, he decided to remain in the capital, or at least near by, in Santa Cruz del Norte.

The young man's marriage was not going well, so he decided to get a divorce. As a result, he needed a place to live. In September 1985, he agreed to buy his friend Silvia's house, which she had built. She at least had a suspicion that first she should do the paperwork on the property, but the impetuous young man from Manzanilla insisted on speeding up the sale.

Silvia finally consented, and received 2,500 pesos from the man who was at that time the head of the warehouse of the La Rotonda Restaurant Unit in Cojimar.

From then on, the residents of Sibanimar would have a neighbor they described as arrogant, unsociable, and self-sufficient.

The illegally purchased house turned out to be too small for this 27-year-old man. He immediately set to the task of building another larger one on the adjacent lot. Silvia de la Caridad herself had warned him: "Don't build on the lot next door, because it belongs to the State."

But he apparently was not put on this earth to listen to advice or recommendations. Very soon he began to look for materials, through legal and illegal channels, and the necessary resources.

On the other hand, he did not have a building permit or legal documents to authorize the construction of the house, not to mention ownership of the land, of course.

It is not easy to dig for foundations in Sibanimar, which is a rocky place. But the warehouse chief managed to overcome this difficulty by obtaining a jackhammer. The origin of the equipment used for other tasks is known, but as far as this reporter was able to determine, the investigations and the legal action have not revealed the means used to obtain this item.

The source of the other materials used by the purported homeowner was clarified, however. He was a true artist when it came to solving problems, although of course he did not use money or bribes, just connections.

Torres Cordero's wages, during the time he was building the house, amounted to 198 pesos. Still unfinished, the dwelling is now worth 21,726.40 pesos according to the Housing Act, given its technical-structural characteristics and its geographic location. That figure includes the price of the land.

The residence consists of a living/dining room, a kitchen, three bedrooms, a bathroom, a vestibule, porch, and veranda. In addition to Torres, three people make up the family nucleus: his brother Eligio, his sister Orfelina, and his brother-in-law Jose Cruz.

#### 16-Ton Kato Raises Suspicions

On Sunday 6 April, Commander in Chief Fidel Castro was on a working tour of parts of Guanabo, accompanied by Jorge Lezcano, first secretary of the Party in Havana. "Let's turn here," he said on reaching the Campo Florido highway. At Calle G in the district of Sibanimar, his attention was drawn to a 16-ton Kato crane.

Talking to the people he found there, he asked about the origin of this and other equipment. Thirteen days later, in his speech marking the 25th anniversary of the victory at Playa Giron, Fidel discussed some negative trends in Cuban society, and gave this example:

"A short time ago, I came across a crane (. . .) that was there. To really put his roof on right, this individual had gotten a 16-ton crane, a Japanese crane of the Kato brand. He had also gotten a Japanese concrete mixer, a

truck to haul the mixer, a water cart, all state-owned (. . .) Just imagine how and where he got all these materials! He was building a house; we are glad, of course, that people build houses, but they should do it honestly."

To lay the slab of the house, Torres Cordero managed to get the aforementioned crane through various acquaintances from the Eastern Thermoelectric Plant, which is being built in Santa Cruz del Norte. He got a concrete mixer and a Zil 130 truck from the Petroleum Enterprise, and a water cart from the Victoria 2 sandblasting unit of the quarry enterprise in Havana.

The people responsible for this equipment have already been prosecuted in a trial held on 22 July 1986. The Municipal Court of East Havana sentenced Julian Martinez, who was in charge of the crane, to pay a fine of 270 quotas and 2,644 pesos in damages for hampering construction of the power plant, plus a 3-year prohibition from holding leadership positions. Jose Agustin Macuran, who was responsible for the concrete mixer, was sentenced to 250 quotas and a 2-year prohibition from holding leadership positions. Pedro Santiago Cabrera Rodriguez was fined 200 quotas and prevented from holding leadership positions for 2 years for diverting the same equipment. Omar Silvio Silva Benitez was sentenced to 180 quotas and a year without holding a leadership position for authorizing the use of the state-owned water cart for private purposes. Roberto Falcon, tried in case number 1933 as well, was acquitted.

Gabriel Caridad Escarra, presiding judge of the East Havana Court, and Prosecutor Rafael Pino Becker agreed that "we are in the presence of good comrades with good labor and political records. The case we are trying, however, is a typical example of the 'buddy system' [sociolismo] at work."

During the investigations, it was learned that none of them received money or any material goods for lending the equipment; as a matter of fact, with the exception of one person, none of them knew the purported owner of the house.

The source of the building materials is another story. La Rotonda de Cojimar, the restaurant where Torres Cordero was warehouse chief, was frequented by ex-convict Joaquin Narciso Palmaz Mora. Palmaz Mora was in charge of planning the construction of the security base for the General Office of Prison Establishments of the Interior Ministry. On one of his visits to La Rotonda, Torres asked Palmaz Mora for help in obtaining materials, in the presence of the latter's immediate supervisor, Lt Manuel Abreu Machado. He approved.

Inexplicably, the materials came with invoices, and were transported from Sibanimar in Prison Office trucks. As far as is known, Torres Cordero received 500 blocks, 40 sacks of cement, 15 lengths of wallboard, 15 dowels, 10 lengths of plastic pipe, 10 meters of beach sand, a roll of wire rod, and a certain amount of lumber.

In addition, the suppliers themselves gave him a table, four chairs, and an armchair.

The warehouse chief thanked them for their generosity with rum, beer, and preferential treatment at the restaurant.

Palmaz Mora and Abreu Machado will have to answer to charges of deviating these state-owned resources in a military court. At press time, the trial was still pending, due to the illness of one of the defendants.

### Solution at Hand, Reputation Remembered

One's birthdate really does not matter, but any Cuban would undoubtedly love to have been born on 2 January 1959; such good fortune would enable him to enjoy a secure childhood and youth, indeed, an entire life of security. On that date in Manzanillo, as in all of Cuba, people were basking in the joyous moments of the day after the victory of the Revolution led by Fidel.

On that 2 January, in a home in Manzanillo, the joy was multiplied by the arrival of a baby boy, none other than Fidel Torres Cordero, the pigheaded protagonist of the story related here.

When he engaged in illegal acts, the Revolution was merciful. When the facts were uncovered on Sunday 6 April, the Party leadership assigned Jorge Lezcano the task of talking to Torres Cordero to explain the need for him to cooperate in clearing up the matter and proposing a solution to his case.

Lezcano, in the presence of Ovidio Moreira, first secretary of the Party in the municipality of East Havana, had a talk with the young man. In that conversation, the possibility of giving him a decent place to live was broached. Torres tried to justify his misdeeds by citing the need for housing, and the absurd excuse that "others do the same thing." On that occasion no understanding was reached.

The personality traits of this citizen came out in another conversation, this time with his entire immediate family and Ovidio Moreira.

Moreira reminded them of Torres' legal problems and asked for their cooperation. "I thought you were already going to bring the Party's decision," he said. His brother Eligio, who admitted himself that he was a teacher thanks to the Revolution, commented: "The Party has expressed some interest in the mechanism of obtaining materials, but I also see that there is interest in the house." Then he put the icing on the cake: "We are going to be reasonable, but the Party must also be reasonable."

Displaying an overabundance of patience, Moreira repeated to them that the Architecture Office had issued an order in March halting construction on the home, and that if the law is strictly enforced in such cases, the house is confiscated or demolished on the grounds that it is built on state property and partially with illegally-obtained materials.

Eligio, the 23-year-old teacher, reasoned this way: "If we pull out of this without a fight, everyone will say we stole the house, and I am not that brazen. I feel I have the right to protest." Torres Cordero followed that line of thinking: "My reputation is in that house; everyone who goes by looks at it. Everyone was staring at me at the People's Government Assembly. My reputation is at stake in that house, and I want to fight for it."

"You have the right to pursue the legal avenues," Moreira conceded.

The legal avenues culminated in a trial in the Provincial Court of Havana on charges of illegally occupying and using housing and usurping land.

#### Pain and Relief, Final Outcome

Julian Martinez is 39 years old, and has been working in construction for 16 years. He was one of the men who built the Combinado del Vidrio, the Giron bus plant, and other projects. For a period of 32 months he worked on the construction of a cement factory in Ethiopia. After 10 years in the Union of Young Communists (UJC), he joined the Party in 1975. That, in sum, is his record.

Julian Martinez was the one who authorized the use of the crane, and actually operated it, for laying the slab of the "dirty house of Guanabo." One Saturday morning he met with the BOHEMIA reporter and in a soft voice told the story and uttered the comments that are summarized here.

"When I returned from Ethiopia they told me they needed a leader for the crane crew. I accepted.

"A coworker who helped me a lot on the job, Jose Alzia Puig, was building a house; there I met Efrain Guerra, who is known as 'El Cuadro' and is a friend of Torres Cordero. I had never seen Torres Cordero.

"On Friday 4 April Efrain came to me and said he needed a crane for a friend who was going to lay a slab. I asked him what kind of a man he was, and he answered that it was his brother. I told him that if the mini-council had no plans for the 16-ton crane, and if the operator agreed to operate it, I would lend it to him. That weekend there was no work.

"The idea was to lay the slab on Saturday, but it had to be postponed until Sunday. The operator could not come, so I went to operate the crane myself. Then what happened, happened. I was not there when the commander in chief was at the house. Later a comrade came and began to ask me questions.

"When they asked me for the crane, I didn't think twice, I didn't think about the error. I knew many slabs were laid with cranes, but never with the ones from the power plant.

"I have been punished for my error. I acknowledge my error, although I must be honest and say what I think: The economic sanction was unfair. They estimated the damages at much more than the value of what was not produced. I appealed to the court, but I did not do it in time; I thought I had 10 days to appeal, but it was only 72 hours.

"What has happened to me is an enormous experience, for me and I think for all revolutionaries. The punishment has been severe, especially in moral terms: I have lost my status as a Party militant, and I have been under great pressure. I don't feel right when Fidel talks about us; I feel ashamed every time anyone talks to me or reminds me of what I did.



"It hurts me that this happened to me; I feel an enormous pain inside. But sometimes I say to myself, This had to happen. And then it relieves me to know that my error, our error, has served to expose and has begun to rectify what is going on in the country. Someone had to put an end to the disorder, although I confess that I never stopped to think about the things I was seeing."

Julian Martinez made his serious mistake in April. The interview with him took place 4 months later. But it did not seem that any time had passed; this man was unable to hold the tears back as he recounted what had happened.

#### All Kinds of Stunts, All Prohibited

When Torres Cordero went to lay the masonry socle for his house, he hired a retired builder. The son of this man, Roberto Falcon, a welder at the Victoria 2 sandblasting unit, went to help him during 3 days when he was on vacation. He never saw the supposed owner of the home after that.

"One day he came and told me he needed a pipe to lay the slab. I explained that I could get him one, but he had to supply the gasoline; then he gave me private bonds and the money.

"I told Omar Silva, who was serving as chief of the sandblasting unit at the time, that I needed the pipe to lay the slab for a friend. This was not the first time the pipe had been used for that purpose or to take water to someone, although it had never been for anyone outside the workplace."

Falcon, who said he is "a bonehead when it comes to studying, but I am anxious for my 7-year-old son to study," admitted:

"We did divert resources, a weakness on our part. But we knew of no law that said it could not be done. Lending a pipe or some other piece of equipment was a normal thing for us. All kinds of things like this were done, that's the truth. If I had realized everything that was being done was so bad, I would not have done it, to avoid the shame that I'm going through now.

"We used to pull all kinds of stunts; now we can't do that anymore. We can't even take the contaminated sand we used to take to lay a sidewalk or a floor.

"But before, as I said, that was the normal thing to do. I was acquitted in the trial, but Omar Silva was given a fine of 180 pesos. We thought it was unfair for Omar to have to pay for what all of us at the quarry have done. So on the due date, we said, 'This is to help Omar pay the fine. Omar is sick, he has children, he is a good comrade, he was secretary of the Party nucleus, and we like him a lot, we get along well.'"

Roberto Falcon, like Silva, was punished within the Party. It was impossible to interview Silva, but according to testimony he also admitted that lending the pipe was a common occurrence.



## Bad but Normal

"The problem is, the bad had become the norm," said Jose Agustin Macuran, who lent the concrete mixer to lay the slab at the house in Guanabo.

Macuran is over 50 years old, and has been working in the construction sector for 30 years. He was a brigade chief at the Petroleum Enterprise.

"Pedro Cabrera, a member of the Executive Council, is the one who asked me for the concrete mixer; I did not know the man who was building the house, but since that was always done, I thought it was normal.

"This was a lesson for me and for everyone else. I am confident that these things will stop going on in this country. There at the enterprise nothing more is lent out, not a concrete mixer or anything else. The workers understood and grasped the significance of the punishment that was imposed on me."

## Punished Since the 19th

Pedro Cabrera was practically a child still when he became involved in the tasks of the Revolution. In 1971 he graduated as a geophysical technician from the Vitalio Acuna Technological Institute. Before the events described in this article, he was chief of the warehousing department of the Western Petroleum Enterprise.

Pedro Cabrera is 34 years old. He is a physically strong man, and gives the impression that his spirit is just as strong. When we asked him for an interview, we thought he would never grant it. "The story is already more than well known, and I have had to tell it several times," he said rather curtly. But that impression gradually disappeared. The conversation with Cabrera lasted 2 hours and 16 minutes. A good part of that time he was crying as he talked and answered questions, his body wracked with shame.

"One of Torres Cordero's brothers was my driver, and I got to know the family through him. I had family problems, and they were good to me.

"Towards the end, we didn't see each other very often. On 4 April Torres showed up at my house and asked me to get a concrete mixer for him. I explained that I was not in control of that equipment, but that I would try to get one for him. Before, that was more or less possible. I talked to Macuran and he told me that his concrete mixer was missing a tire. I didn't make any further attempt.

"Saturday night Torres Cordero came to my house and said that he had not been able to arrange it yet, that he was in a bind. I explained to him that the only thing I could do was talk to Macuran again. That's what we did. Macuran told me to pick it up Sunday at 0700 hours and to talk to the operator, whom we then went to see.

"At about 1500 hours Sunday afternoon, a comrade came and told me that the commander in chief had been at the place where the slab was to be poured.

"How did they get the concrete mixer there? I don't know. There are two different stories.

"I am not Macuran's boss; I asked him for a favor, but I did not talk to him as a member of the Council. My mistake was that I made arrangements for a piece of state-owned equipment to be used for private purposes. That was my mistake.

"What has happened to me is a very major experience, for a lot of reasons, and don't think I am just saying that; it's the truth.

"Since 19 April, when Fidel talked about this case in public for the first time, I have been punished in my conscience. Since that day my mind has been in turmoil. Since that day I have not lived, because given my way of life, my conduct, this is a wound. If I had had any idea that this would happen to me, I would have preferred to die. And to think that it was Fidel himself who discovered my error!

"I feel that I have been punished since 19 April. And now you are interviewing me; that is another punishment.

"But besides that, I have had to answer to my children, who keep asking me and want to know. They are 12 and 13 years old, and they are able to think; they know what is going on. They listened to Fidel's speech, and they came up against reality. I have explained to them that they have to be better than I.

"I hope no other revolutionary is ever in a situation like mine. I feel bad, very bad; this feeling will not go away overnight. But in the long run, no matter how hurt I feel, I think that with my error and the errors of the other comrades, the Revolution has come out ahead, because many bad things have been brought out into the open, and we will all work together to eliminate them. I think that the situation of disorder in the country was already being analyzed, and that our error has been the starting point for taking measures.

"I am going through difficult times. But I am reasoning more, and now I see more clearly; and I am also getting to know men better. There is friendship and comradeship in life, and there are people who care about you and people who act nice but don't care about you. During these difficult times, my comrades have helped me and supported me. They tell me I made a mistake, and that I am the one who must keep on going. These people suffer along with me, and give me encouragement. I have also had to fight with people who have tried to put ideas in my head, but these are not friends of mine; my friends are the ones who criticize me and tell me I must be better.

"And I have had to suffer and endure other things in the middle of all this. I will tell you this, and if you want to publish it you can, or if you don't want to, you don't have to. I am the chief of staff of a Territorial Troops Militia (MTT) battalion. After the error and Fidel's speech, in early May, we went through a training school. The battalion chief broke his leg, and I took command. We achieved a cohesion in military command between men and women, a cohesion between the military command and the political leaders. As a result,

it was the best battalion. Three days before the end of the course, it was expected that the commander in chief would come to the closing ceremonies. Then they told me that I could not participate in the ceremony, that I could not give the report, and they told me that Fidel had been at my house, that he had talked to me, that he knew me, and that if he saw me leading everyone, he would be upset. That hurt me deeply; it hurts me as a communist, as a revolutionary, as a man. I wish Fidel knew about this! Look, reporter, I have never been anywhere near Fidel, but I know him, I know his manner and his way of evaluating men, and I am convinced that if Fidel had recognized me, and had seen me at the head of a battalion after my error, he would not have gotten mad. On the contrary, he would have been happy to know that I am still with the Revolution and with him. Fidel did not go to the closing ceremony; Raul did. But I was not there.

"During these months, people have said a lot of things to me. One comrade told me that a communist is not measured by the number of times he has fallen, but the number of times he has picked himself up. I will pick myself up. One of the punishments imposed on me is that I no longer participate in the ranks of the Party. But I was, am, and will always be a communist, despite my errors and my flaws. And now I am even more of a revolutionary, because I see more than I did before."

#### No Understanding, Case Goes to Trial

There was no way to persuade Fidel Torres Cordero to reach a political solution to his plight; he insisted that he was in the right.

Shortly before noon on 1 October, the trial of case number 2828 of 1986 began in the Provincial Court of Havana. The charges were illegal occupation of housing and usurpation of land.

The presiding judge, Placido Batista Veranes, called the defendants: Silvia de la Caridad Cedre Consuegra and Fidel Torres Cordero.

Prosecutor Sara Perez Kaspearan decided to examine Silvia de la Caridad first. The defendant tried to maintain her composure as the prosecutor questioned her precisely and confidently. After a few general questions, the examination focused on clarifying the legality of the residence.

"We went to Urban Reform and Gabriel told us that I had a right to sell the house."

"Even though you weren't the owner?"

"Yes, that's what he told me."

Then attorneys Enrique Izquierdo and Jesus Romero cross-examined the defendant, and Torres Cordero took the stand.

"When did you buy the house?"

"A year and a half ago."

"Where did you get the money?"

"My brother and sister and I scraped it together."

"Did you go through any legal transaction?"

"We went to the Municipal Housing Office to get the documentation, and Gabriel told us that I could get the house."

"But did you sign any legal document in which Silvia de la Caridad transferred ownership of the house to you?"

"No."

"How much did the house you were building cost you?"

"I don't know exactly, about 3,000 pesos."

The attorneys tried in vain to defend their clients. Now Gabriel Federico Perez, assistant director of housing in the municipality of East Havana, appeared to testify.

Prosecutor Sara Perez questioned him: "Did the defendants come to see you at any time to obtain documentation?"

"Yes. I told them that first they had to legalize the ownership of the house, and then they had to go to a notary to begin the sales transaction."

"Did you ever find out whether they went through those steps?"

"They did not."

"What can you tell us about the construction of the new dwelling?"

"That it is illegal, because he did not have authorization from our office, or from the Office of Architecture and Urban Development."

Torres' defense attorney Romero intervened: "What did they tell you when they went to see you?"

"The woman said she wanted to legalize the house. They also talked about transferring ownership, but that could not be done because they were not related to each other."

Police investigator Aroldo Mendez appeared to testify.

"Did you determine whether the sales transaction was carried out legally?"

"It was determined that the transaction was illegal. I also learned that Silvia de la Caridad told Torres Cordero that he could not build anything next to the house he had bought."

"What can you tell us about the social conduct of the defendants?"

"Silvia de la Caridad Cedre Consuegra's conduct is excellent. The other defendant is not a member of the Committee for the Defense of the Revolution (CDR), and the neighbors say he is an arrogant man. He has not had any labor problems."

After several questions from the court, the prosecutor made her closing argument:

"For the purposes of individualizing the punishment, we are taking care to evaluate the conduct of the defendants. Citizen Silvia de la Caridad Cedre Consuegra did not possess any title to the home, and she sold it without any legal documentation. Therefore, she committed a crime for which we request that she be deprived of liberty for 2 years. Nonetheless, we suggest that the court impose a non-detention sentence on the defendant and allow her to serve her sentence within society, considering her conduct, the fact that she is a woman, her personal situation, and the number of children she has.

"Torres Cordero, meanwhile, was involved in serious problems on his block; he behaved in an arrogant manner, and disturbed the peace of his neighbors by destroying the electrical connections with the equipment he used to build the house.

"We are undergoing a rectification process in our society. Since the objective of our country's legal system is not just to repress, however, Comrade Fidel Castro, through other comrades, tried to find a political solution to this problem. The defendant refused to reach an understanding, and that is why he is before this court today. During the oral phase of the trial, the defendant's guilt was proven, and for that reason we request that he be deprived of liberty for 2 years for illegal occupation, and 3 years for usurping land.

"We trust that the court will impose a fair and revolutionary sentence."

The presiding judge, Placido Batista, concluded the oral hearing. The next step was the deliberations by him, the professional judges Alicia Valle Diaz and Marianela Gonzalez, and the lay judges Rene Alcantara and Pantaleon Velazquez.

On 16 October the verdict was ready. The court ordered that Torres Cordero be deprived of liberty for 2 years, that the illegally occupied dwelling be vacated, and that the house built illegally on state-owned land be confiscated. The defendant filed an appeal for reversal. Silvia de la Caridad Cedre Consuegra was sentenced to 9 months in prison, but the sentence was suspended and she was given 9 months' formal probation without confinement.



## Viewpoint: How to Avoid Shame

"Many people who commit misdeeds hope their neighbors, the public, and public opinion never find out about them." These words, spoken by Fidel at the 5th Congress of the Union of Journalists, were heeded attentively.

At the time, I was thinking of an article by one of my colleagues on the magazine, the one appearing on these very pages (see "The Dirty House"). This article eloquently illustrates not only the situation and the facts of the famous "case of the crane in Guanabo," but also shows something even more important: the reaction of those responsible for these events.

In this case the significance of the criticism factor is made very clear. We can see something that Fidel told us at the Congress: Criticism is based on the assumption that there is shame. Because if men had no shame, then what good would it do to criticize?

This reasoning should become the keystone of our journalistic work. It also implies that we are using a powerful weapon, and for that very reason we should know how to use it rationally, fairly, and without excess.

The "case of the crane" is illustrative of how the men of our nation react when they recognize that a criticism is justified.

At the same time, it confirms the warning formulated by Fidel, to the effect that this rectification process should not become a "witch-hunt." Men should be given an opportunity to mend their ways.

I think that in this case we should also apply a lesson that emerged from the 5th Congress: the need to follow up on the cases that are presented to public opinion. The publication of this article responds to that need. The "case of the crane" has been spoken of almost incessantly. But no one had reported on what happened afterwards, whether there was a trial, or whether the culprits were punished.

We think it would be a good idea to talk to these men again after a while. The brief report on their conduct, their revolutionary records, shows that they do have the moral wherewithal, the honor, and the courage to face up to the mistakes they made. It is also clear that the collectives are lending their support. In this regard, it is not a matter of adopting a complacent or paternalistic attitude.

There is no doubt that these men learned a lesson. They were the victims of an exalted habit of deviance that had become almost daily practice.

One's human qualities can be seen in one's reactions. The author of this article returned to the office impressed after his conversation with some of these workers. On the other hand, we all felt a profound sense of revulsion at the arrogant and defiant attitude of the principal culprit in the crime, the one who had instigated the corruption by buying people's consciences and favors.



In the view of this magazine, this case also represents the reaffirmation of a new modus operandi, consisting of investigating and taking the statements of various people, following up on the facts, comparing opinions, attending the oral portions of trials . . . in short, getting involved in the problems to report on them from the inside.

"The punishment has been severe, especially in moral terms. I feel very ashamed," said one of the people involved.

We think that this aspect of the punishment is the most exemplary, the most effective. The human qualities and the moral values of these men, which can be seen in the article, should make it possible for these lessons to translate into active and decisive participation by the responsible parties as firm adherents to the rectification process.

This is what our people expect of them.

Miguel Rivero

8926

CSO: 3248/116

'RUMORS' SAID TO CAUSE DISTURBANCES

Police Station Destroyed

Managua BARRICADA in Spanish 19 Nov 86 p 5

[Text] Lourdes Jiron and Commander Doris Tijerino, a member of the Third Regional Committee of the Sandinist Front and the national commander of the Sandinist Police, respectively, issued energetic appeals to the people of the capital city last night, urging them to combat counterrevolutionary lies and to redouble their revolutionary vigilance against the enemies of the revolution.

The public appearance of these officials of the FSLN and the police took place last night in the Jorge Dimitrov quarter, where serious incidents occurred Monday night as a result of the counterrevolutionary rumors launched by the pro-Somoza and CIA radio station called "15 September."

On 9 November, that radio station reported that a number of children had been kidnapped and that the Sandinists had allegedly extracted their blood with syringes(?), for some unspecified purpose.

Beginning on that date, Lourdes Jiron and Commander Tijerino reported, scandalous events, alleged kidnappings, physical attacks and the Monday night incident in the Jorge Dimitrov quarter have occurred.

The disturbances began in the Las Torres quarter, where a brigade member, Candida Rosa Gutierrez, took blood samples from children and adults for the purpose of checking on the incidence of malaria.

This brigade member was attacked by a woman suffering from mental problems (as was demonstrated later), who accused Candida Rosa of drawing blood on the orders of the Sandinists (?).

Another person injured in these incidents, after some provocateurs stirred up the residents of the Las Torres quarter, was Marta Aleman Pineda.

In the midst of all the speculation, Commander Tijerino added, Ana Luisa Aguilar Acevedo came forward to state that her little son had been found dead with syringes in his body.

Questioning of the family members was undertaken, and it developed that the child died of meningitis last year. In addition, Ana Luisa insisted that she had reported this to the police but had been ignored.

Between 9 and 16 November, other similar events occurred, including one in Tipitapa in which Rafaela de los Angeles Medina was the protagonist.

According to the police report, this woman has a long criminal record, and has been known to go to various homes, telling the children their parents sent her and taking them away with her by bus. This occurred again a few days ago and it was then represented as being the work of the Sandinists.

According to information revealed last night, the case of little Johny Rodriguez was the straw which broke the camel's back in the Jorge Dimitrov quarter.

The child had run away a number of times because of mistreatment by his father, Francisco Medrano, a heavy drinker. According to Maria Auxiliadora Rivas, the child's mother, he sought refuge with relatives in the 14 June quarter.

However, some troublemakers, whom the police have fully identified, spread the story that the child had been kidnapped. And they took advantage of the fact that there is a disturbed woman in the quarter (who lost her husband and a child some time ago) who is in the habit of taking children she sees on the street.

When this occurred again, the rumormongers accused her, and the police had to provide this woman with protection last Monday night.

Cesar Garcia, Maria Gomez and Francisco Torrez, of the Five-Seven Zone CDS, reported that because of the urgings of provocateurs, about 2,000 citizens from various quarters attacked the Voluntary Policy Unit and destroyed it.

About a dozen police units had to be ordered in to reestablish order on Monday night.

Lourdes Jiron, Commander Tijerino, Deputy Commander Cabezas, CDS Coordinator Elias Chevez, Jose Leon Roman, Cesar Garcia (of the CDS zonal unit) and Mercedes Mejia, of the AMNLAE, urged the people not to allow themselves to be confused, because their enemies are trying to divide them "since they have been unable to defeat them in the mercenary war."

Commander Tijerino also reported that of the numerous cases of children reported missing, this proved to be true in only two cases.

She said that the majority of the children had run away from home because of mistreatment by their parents or for other voluntary reasons.

These officials urged real protection of children and that a battle be waged against the rumors launched by the enemies of the revolution.

## Contra Radio Blamed

Managua BARRICADA in Spanish 20 Nov 86 p 2

[Text] Third Region Coordinator of the Sandinist Defense Committee Elias Chevez has announced that this popular organization will wage a political-ideological and educational campaign in those quarters and villages in and near Managua which have been victimized by counterrevolutionary rumors.

The CDS leader noted that the imperialist mercenaries are seeking to divide the people with lies, "because the agents of the imperialists have been unable to vanquish us in the battlefield."

Chevez said that the fact that 15 September, the radio station of the CIA and the pro-Somoza faction, is now broadcasting incredible lies to the effect "that the Sandinists are kidnapping children, taking their blood and then murdering them" is truly base and desperate.

He said that the zonal organizations of the CDS are being instructed to ask their members to oppose the people who promote these lies and incidents, such as those which occurred on Monday night in the Jorge Dimitrov quarter.

In that neighborhood, some 2,000 local citizens and others let themselves be aroused by the provocateurs and destroyed the Voluntary Policy Unit, "because they wanted to lynch a woman who had allegedly kidnapped a child."

For his part, Cesar Garcia, the coordinator for CDS Zone Five-Seven, where the majority of the incidents in question occurred, announced that just last night, a political-ideological and educational campaign was launched in the 695 CDS units in the 22 neighborhoods in his sector.

The Jorge Dimitrov and Las Torres quarters, two of the areas most seriously affected by the counterrevolutionary propaganda, are included in this sector.

Lourdes Jiron, of the Third Region of the Sandinist Front, urged the people of the capital to close ranks and not to allow themselves to be confused, much less divided, by the deceitful and disinformative propaganda of the enemy.

Lourdes said that this type of mercenary propaganda is no accident, because enemies make use of it when they are defeated in the military sector, and they want to divide the people by means of infamous lies, including those referring to murdered children found with syringes in their bodies.

Lourdes urged the people to redouble revolutionary vigilance in the neighborhoods, at the work sites, study centers and in the rural sector, in order to keep the enemies of the Sandinist revolution in check.

Lourdes pointed out that "We have strong state security and police forces," and when there are problems with attacks, no one should take justice into his own hands, "because it is for this purpose that the revolution's apparatus for internal order exists."

Commander Doris Tijerino emphasized the patience shown by police Monday night in the Jorge Dimitrov quarter, where the voluntary and line police were stoned, beaten and insulted by citizens egged on by known spokesmen for the enemies of the revolution.

Doris Tijerino warned that the police have already identified the instigators of these incidents, and she urged everyone to avoid being deceived by the counterrevolutionary rumors, particularly in things related to maternal and family feelings, as in the matter of the children.

She urged fathers and mothers and other family members throughout the country to be more careful in checking on their children and ensuring that they are not mistreated, so that they will not leave their homes.

She explained that it was precisely such situations which the enemies have exploited so that their rumors would find acceptance in the thinking of the people.

5157

CS0:3248/128

ANTI-ALCOHOLISM CAMPAIGN STARTED

Managua BARRICADA in Spanish 17 Nov 86 pp 1,2

[Article by Elsa Gomez Mondragon; passages enclosed in slantlines printed in boldface]

[Text] How many man-hours are lost because someone /goes on a drunk/? The syndrome of alcohol consumption as a negative factor in the country's economic and social development will be covered in a comprehensive plan that involves various state and sectoral institutions, primarily with the collaboration of Alcoholics Anonymous (AA) groups.

According to statistics compiled by the Health Ministry, 58 people have died in the last 6 months in Nicaragua because of alcohol consumption. Alcoholism is most prevalent among those between 15 and 49 years of age in Nicaragua.

Work absenteeism, traffic accidents, and family instability are among the results of alcoholism. The typical behavior of the alcoholic, traditional habits, and illnesses derived from alcohol consumption are discussed by psychiatrists and psychologists in a special BARRICADA report.

Fifty-eight people have died in Nicaragua in the last 6 months as a result of alcohol dependency syndrome. The statistical reports of the Health Ministry indicate, moreover, that 2,822 people entered the Health Units of the Sole National Health Program (SNUS) between 1980 and 1985.

Although alcoholism is regarded as the principal health problem in the world, in Nicaragua it not only affects the family and social life of the individual, but it also causes great loss of human life because of traffic accidents. In this regard, the Sandinist Police report that between January and September 1986, there were 305 accidents caused by drivers under the influence of alcohol. Twenty-four people were killed and 175 injured in these accidents.

The material damages caused by this second-largest cause of traffic accidents are estimated by the Office of the Chief of Transit at nearly 140 million cordobas for the first 9 months of the year. On the other hand, how many man-hours of work are lost due to drunkenness?



Dr Mario Flores Urbina, a specialist in psychiatry, points out that the ingestion of alcohol is related to the emotional states of the individual. People drink liquor, alone or in the company of others, at times of joy or sadness, or during social events.

The principle is the same in all cases, but although each individual gradually develops the same attitude, some people develop the symptoms of alcoholism earlier than others. In other words, they need to drink liquor more frequently and more urgently. "The person who is used to drinking on weekends or on special occasions then begins to drink during the week, and finally falls into disorderly conduct and becomes a continual, unproductive drinker," says Dr Flores.

The typical characteristics of the drunk are, among others, the failure to carry out job duties or to comply with family obligations. According to this psychiatric analysis, these shortcomings are always justified with excuses. Thus, as the drinker begins to consume more and more, he contends that "he just had a little." The conflicts with family and friends become more frequent, he begins having problems with the law, and he goes into debt. Finally, he loses all personal inhibitions and ends up cadging "just one drink" off of neighbors and friends, or ambling through the streets.

It is well known that drinking binges were part of the customs of the Indian tribes that inhabited Nicaragua. "In the middle of August, Oviedo is in Nicaragua in the company of Indian Chief Don Alonso Nambi ('dog' in the Chorotega language). On Saturday the 19th (1529), he attends a tremendous /collective drinking binge," states Dr Eduardo Perez Valle in his writings.

This phenomenon, however, is characterized by cultural factors during modern times, and is considered along with other kinds of problems as a search for masculine identity with predominant traits of machismo, a feeling of impotence and instability as a result of the economic crisis and the war of aggression that the country is facing.

Psychologist Vilma Castillo states that the practice of consuming liquor as a social habit begins "as a form of play, a way of establishing social relationships. Then it becomes a habit, and finally it becomes a psychological need in the individual."

"To the extent that there is social permission to drink and the individual finds excuses for failing to meet his labor and family obligations, increasing alcohol consumption is encouraged," contends the clinical psychologist.

Referring to the ingestion of alcohol by women, whom she considers an alcoholism risk group in recent years, she explains that although women have regained the freedom to exercise certain rights including the right to have fun, due to a lack of education and guidance regarding the difference between liberation and liberalism, these terms tend to be confused. Thus, in many cases, "women try to imitate men's behavior and attitude, which are reprehensible and contemptible from a social, political, and moral standpoint."

Rums and beers, which generate the most tax revenues in the country, represent 11 percent of annual selective excise tax revenues, the equivalent of 10 billion cordobas. According to data supplied by the General Revenue Office (DGI), the two categories account for 18.7 percent of all DGI collections.

Meanwhile, the production of liquors, rum, brandy and vodka in the first half of 1986 totaled nearly 9 million liters, including 40-grade brandy. Altogether 11 different brands were produced. The two brands of beer accounted for almost 3 million cases.

The statistical reports provided by the Health Ministry (MINSA) estimate that most alcoholics are men or women between the ages of 15 and 49. The syndrome is manifested in illnesses such as cirrhosis of the liver, brain dysfunctions, heart disorders, avitaminosis, and other fatal diseases.

In addition, there are the psychic-nervous mental illnesses which often result in the patient's confinement to a hospital or psychiatric clinic. Regarding these characteristics, Dr Ramon Blandon, a specialist at the National Psychiatric Hospital, says that alcohol consumption can turn a person psychotic, with hallucinations and delirium tremens as symptoms.

The acute psychic problem makes the patient aggressive, self-destructive, and even suicidal. Pathological alcoholic intoxication produces physical death; another manifestation is the alcoholic abstinence syndrome, or "exaggerated hangover," which causes disturbances in the rhythm of the heart, a feeling of despair, and sweating of the hands and other parts of the body.

The Psychiatric Hospital admits about 10 new patients a week, and of them, four have alcoholism problems. Therefore, the first treatment the patient receives is detoxification, which lasts up to 10 days.

"The ideal thing would be for patients released from here to have follow-up treatment through AA or the Center for Care and Rehabilitation of Alcoholics (CARA). Otherwise, they will have relapses," says Dr Blandon. He summed up the treatment that is provided at this hospital, which consists of providing medications and vitamins, listening to the patient's problems (psychotherapeutic treatment), and rehabilitating him.

Because the struggle against the excessive consumption of alcohol is a difficult task for a single institution, the Department of Mental Health of the Health Ministry suggests that economic and social sectors become involved through close coordination at the inter-ministerial and inter-sectoral levels. Other positive factors are the family and the community, and the Alcoholics Anonymous groups are indispensable.

In this regard, the minister of health, Guerrilla Cmdr Dora Maria Tellez, said that she is fully convinced of the excellent work being done by Alcoholics Anonymous throughout the world.

"We will begin working seriously on this problem of alcoholism next year," said the minister after asking rhetorically, "Do you have any idea what the country loses due to job absenteeism caused by drinking bouts? Isn't it true that the majority of injured patients admitted to hospitals have been in auto accidents caused by drunk drivers?"

'ILLEGAL' PEDDLERS ACCUSED OF VIOLENCE, SPECULATION

BARRICADA Journalist Attacked

Managua BARRICADA in Spanish 24 Nov 86 p 5

[Text] The Ministry of Domestic Trade (MICOIN) has launched several operations against the black market (in Managua) for eggs, meat, rice, beans, sugar, bananas, fruit, and even clothing.

The operations have been carried out in Tipitapa, across from La Subasta, and in the Eastern Market. The black market always reappears, however, and now it is located around the Ivan Montenegro Baez Market.

This issue has been discussed in various news media, on television, and in EL NUEVO DIARIO in the last few days.

A BARRICADA journalist decided to visit that black market yesterday, and was attacked by the illegal merchants as he took pictures.

Although yesterday there were no eggs in the markets, the meat vendors had closed up shop, and no beans were to be found, there (on the black market) they were available in abundance.

The journalist started asking about prices and about how these products get to the marketplace.

A woman selling eggs began the attack. She shouted: "What the devil do you need pictures for? You journalists just make your living screwing other people! You and those guys at MICOIN screw everybody!"

She then sought support, and found it immediately among bystanders.

The journalist calmly continued asking her about prices and eggs, despite her shouting.

An attack began immediately with eggs, tomatoes, rocks, oranges, slapping and kicking from behind, shoves, and threats.

Since the journalist was not going away in spite of the aggression, a circle formed around him. The journalist then began to leave, at the same time taking pictures of the principal instigators.

At the edge of the market, a group of people were selling meat, pretending not to know what was going on to the west of them, near the Interurban Bus Terminal.

Amid the uproar and the harassment, the journalist went over to where the meat vendors were. Some of them hastened to protect their goods, covering the meat with their bodies, while others were on the lookout for the journalist.

#### New Plan to Curb 'Illegals'

Managua BARRICADA in Spanish 25 Nov 86 p 5

[Text] The Ministry of Domestic Trade (MICOIN), Regional Office III, announced yesterday its Belen Plan, Victorious December. Under this plan, unscrupulous merchants will be prevented from speculating on goods such as toys, sugarcane, candies, and everything else associated with La Gritería and Christmas.

Cristobal Hernandez, an official of the MICOIN Central Office, added that the plan calls for direct controls by the Ministry on the distribution and sale of the aforementioned products.

He pointed out that toys and candies, for example, will be distributed at CATs and at MICOIN supply centers in the neighborhoods of the city.

#### Nighttime Operations

He reported that since Monday of last week, MICOIN and the Police have been carrying out operations at the eight retail markets in Managua "to prevent illegal trade."

He explained that the confiscations made and the fines imposed total 8.5 million cordobas, noting that just the confiscation operation in the Eastern Market this Monday night netted 3.5 million cordobas.

He indicated that these operations begin at 2200 hours and end at 0700 hours, and will continue until the illegals stop bringing in merchandise, such as perishable goods, without authorization.

He revealed that there are 14,200 legal, licensed merchants in Managua, and the rest are "simply illegal."

He indicated that the illegals come in with goods from Granada, Masaya, Rivas, and Leon, and they set up shop outside the retail markets to engage in unfair competition with the licensed merchants.

The official pointed out that they also come from the outskirts of Managua with baskets and sacks full of goods, but these are being confiscated late at night and early in the morning.

He explained that "some technicians and professionals are also involved in this 'bisne' [illegal trade], and we have talked to them to encourage them to seek work in their respective professions."

"Our goal," declared Cristobal Hernandez, "is to put an end to illegal trade, because it upsets the order we have established among legal merchants and workers by doubling or tripling the prices of goods in Managua."

8926

CS0: 3248/125

RADICAL LIBERAL PARTY EXPELS HARDLINERS

PY260131 Asuncion ULTIMA HORA in Spanish 24 Dec 86 p 13

[Text] The members of the Radical Liberal Integration Movement (MILR) have been expelled from the Radical Liberal Party (PLR).

The Disciplinary Court of the PLR ruled to expel the members of the MILR from the party and to submit this ruling to the party convention for a final ruling. The convention will take place in January 1988.

The members of the MILR "have chosen to rise against party leaders, and the lawmakers among them have compounded this offence by refusing to pay 15 percent of their fees into the party fund. This money belongs to the party which means that they have actually misappropriated party funds. This is considered to be an aggravating circumstance," a party source has said.

The members thus expelled are: Blas Mangabeira, Colonel Alcibiades Irrazabal, retired, Nestor Moragas, Francisco Servian Ovelar, Castulo Cesar Franco, Diogenes Narvaez, Blas Victor Aquino among others.

"The executive board of the party no longer has any say in this matter. If the expelled members want to appeal this decision they can do so at the party convention in January 1988, which is the only party body that can revoke or confirm this decision," according to our source.

The disagreements between the MILR and the PLR executive board began when the expelled members urged the party to take a firmer stand on several issues of interest to the nation, especially regarding PLR's position toward certain government attitudes. The MILR wanted a hardening and a radicalization of the party stance.

Some of the expelled PLR members are deputies and senators. They had stated earlier that they would not give up their positions and would continue "struggling to improve the situation of their fellow countrymen."

/12913

CSO: 3348/169



COLORADO PARTY 'ETHICAL' GROUP TALKS TO PRESS

PY241421 Asuncion HOY in Spanish 19 Dec 86 p 7

[Text] One of the presidents of the Colorado Party Precinct 1 under the collegiate system, Julio Rolando Elizeche yesterday referred to the Colorado Party "Ethical" Movement as a new emerging hope for the fatherland. He and his brother Juan B. Elizeche, and Carlos Romero Pereira answered questions from international press correspondents. They also told those correspondents the history and objectives of their movement.

"The Ethical Movement find support throughout the Paraguayan society and among all the people, not only within the Colorado Party, because it has a voice that is courageously denouncing the irregularities committed in our country. I am sure that we have been deprived of our freedom for a couple of hours only because our movement's wholesome criticism and good intentions are bothering people who are guilty of crimes," said Elizeche as he talked about the style and conduct of his group.

Answering a question from a representative of Canadian television, the acting president of Precinct No 1 said that the movement came into being about a year ago, but it did not spread in the country's interior, adding that "we are contacting fellow party members both in Asuncion and the interior." Asked about how many followers there are within the movement, Elizeche replied that "people have special ways of feeling and only few can come out and say this is our position. Because of the permanent contact we have with fellow party members, workers, students, and peasants, we have with fellow party members, workers, students, and peasants, we can assume that the movement has a considerable number of followers."

When he spoke, Carlos Romero Pereira spoke about the ease or difficulty which some party leaders, depending on the movement to which they belong, have to move around the country. As an example, he cited the case of Leandro Prieto Yegros who can attend as many rallies as he wishes, not infrequently accompanied by the Interior Minister himself.

The Ethical Movement leaders denied that their group has connections with the MOPOCO [Colorado Popular Movement], but admitted that they are in talking terms with all factions of Colorado Party people.

Asked if there might be other leaders who sympathize with their movement, the movements leaders said that they firmly believe that they can count on the support of Nemby Party presinct president Mario Osorio and Deputy Luis Becker [the suspended president of the Ypacarai Party President]

/12913

CS0: 3348/169

COLORADO GROUP MEMBER INTERVIEWED

PY231210 Asuncion LA TARDE in Spanish 19 Dec 86 p 9

[Interview with Antonio Salum Flecha, member of the "Group of 34," by LA TARDE journalist Teresa Godoy Fernandez--place and date not given]

[Text] Antonio Salum Flecha, member of the "Group of 34," has confirmed the creation of the Republican Reconciliation and Integration Movement [Movimiento de Integracion y Reconciliacion Republicana--MIRR] as a result of the amalgamation of his group with the so called "Group of 52." This amalgamation also envisages the participation of "other people and sectors" of the Colorado Party political structure.

[Godoy] What do you think of the latest disagreement between Juan Ramon Chavez [Colorado Party Executive Board president and leader of the Colorado Party's Traditionalists' faction] and Mario Abdo Benitez [President Stroessner's private secretary, political secretary of the Colorado Party Executive board, and leader of the Colorado Militant faction].

[Salum] The disagreement between Chaves and Abdo Benitez politically reflects the degree of tension within the Colorado Party Executive Board, where Chaves' authority is being disrespected. In other words, there is the intention of trying to show that Chaves is not indispensable to the Colorado Party, in order to make it easier for other candidates to run for his post at the next party convention.

[Godoy] Therefore the disagreement was not casual?

[Salum] That is right, it was not casual. It was deliberately planned to weaken Chaves' position.

[Godoy] Is this some kind of reply from one faction to another?

[Salum] This is the result of the struggle between the current antagonists within the Colorado Party Executive Board, that is, between the Colorado Militant and Traditionalist factions.

[Godoy] Is it true that the so-called "Group of 34" has united with the so called "Group of 52," thus creating the MIRR movement?

[Salum] Yes, this is the fusion of the original positions assumed by two groups: one of them is known by the media the "Group of 34" and the other the "Group of 52." During our initial talks we realized that we share the same goals and objectives, therefore we decided to unite our forces to fulfill our common political objectives. This means that we have in fact united, and that our coincidences do not allow us to act separately. We are also considering our unity with other groups or individuals within the Colorado Party political structure.

[Godoy] Who are these other people and groups?

[Salum] For the time being, I do not wish to give names because, until we unite, it would not be wise to mention them specifically.

[Godoy] Evidently, your objectives are more far reaching than everything we have talked about so far.

[Salum] Of course. We have undertaken the great task of reaching an agreement within the Colorado Party on common objectives. We were expecting this to be done by the party leadership.

[Godoy] So, therefore, since the initiative did not come from the Colorado Party Executive Board, you have started it from the MIRR?

[Salum] We believe that we are helping the Colorado Party Executive Board's task. We are offering solutions on a silver platter in the following fields: political, economical, geopolitical, social, cultural, and even in party unity, which is so necessary. In this manner, when we fulfill our objectives we will be able to think that we have fulfilled an historic task that is not less important to the heroic deed of October 1955. [the date when President Alfredo Stroessner achieved Colorado Party Unity]

[Godoy] The MIRR's proposals are included in the "National Project for a Republican Option" document. Can you refer to the political proposal specifically? Are you seeking with this to start a new phase of transition toward a more democratic opening?

[Salum] Yes, but I cannot give details of the goals we pursue, or of the proposal and the document accompanying the proposal. However, I can say that there currently is nothing more important than attaining a democratic opening to help solve the problems which affect the country. This is what we are really looking for in the document which we presented to Chaves.

[Godoy] From the national point of view, this is something which all Colorado Party members anxiously await. Is it a proposal that seeks to update the government program and the principles currently upheld by the Colorado Party?

[Salum] That's right. The party's foundation act of 11 September 1887, its declaration of principles, and even its program reflect our party's completely democratic essence. To prove this one only needs to mention significant points in our manifesto where it is stated that our program is condensed in two words: peace and respect for our institutions. Moreover, Article No. 2

of our Declaration of Principles states that our party grants the human being a substantive value and recognizes all those rights of the individual which do not infringe on the rights of other individuals or the happiness of society.

[Godoy] How is this observed in practice?

[Salum] Our problem lies in the fact that loyalty to the individual and not to the principle is demanded. By this we betray the memory and ideals of the party founder General Bernardino Caballero.

[Godoy] Manuel M. Esquivel recently stated that if the "Group of 34" did not accept President Stroessner's leadership they should go and sing their song somewhere else. What do you think about this statement?

[Salum] We, like any other citizen, respect Mr Esquivel's position although we do not really agree with it. With regard to the song he wants us to sing somewhere else, it is one being sung in all sectors of the republic and it is not us who will go and sing it somewhere else, but those who do not believe we are going to carry out our proposal.

[Godoy] We would also like to hear your opinion regarding General Prieto Busto's recent statement that President Stroessner will continue to rule until the end.

[Salum] I would only like to know if it has been taken into account whether this sort of statement contributes or not to improve Paraguay's current image abroad, because this sort of statement supports those who maintain that Paraguay has a military regime and not a civilian and democratic government backed by a great party such as the National Republican Association [Colorado Party].

[Godoy] Regarding the image which our country projects at an international level through its various socio-political manifestations what is your opinion of the infighting going on in most Colorado party precincts in the country with verbal insults, irregularities and acts of violence, as denuined and proven?

[Salum] In this regard I must say that it is a shame that such extremes have been reached, pitifully revealing how the various sectors within the executive board defend their respective positions.

[Godoy] The existence of paramilitary groups is publicly known and presidents of party precincts in interviews granted to LA TARDE not only have admitted the existence of such groups but have admitted being the leaders of such groups.

[Salum] I am strongly against the creation of paramilitary groups within the Colorado Party precincts or of the implementation of inadequate and anti-democratic methods to suppress any form of expression by the common citizen within our society.

[Godoy] In sum Mi Salum Flecha, it is the Colorado Party itself and not the opposition that is trying to offer alternatives.

[Salum] I believe that these alternatives, which are being offered by some sectors within the Colorado Party itself, are due to the slim chance of the opposition to reach power. In other words, absolutely nothing can be expected as long as the overall situation of the country is not modified.

[Godoy] Then it is not a matter of lack of proposals by the opposition but rather the country's overall situation?

[Salum] Not only the Paraguayans but also the foreign analysts have noted that the opposition has no chance to reach power, at least for the time being.

/12913

CSO: 3348/169



NANDUTI OWNER REPORTS HARASSMENT, THREATS

PY010120 Paris AFP in Spanish 1946 GMT 31 Dec 86

[Text] Asuncion, 31 December (AFP)--Humberto Rubin, director of the independent Paraguayan Radio Nanduti, which is permanently being censored by the government, today reported in Asuncion that he and his family are constantly receiving death threats from individuals who claim to be President Stroessner's supporters.

The unidentified individuals have even claimed that they will raid Nanduti's transmission plant in order to definitively prevent the radio station from going on the air. Currently, Radio Nanduti only broadcast music, owing to continuous jamming of its other programs.

Rubin told AFP that, after he asked Asuncion Police chief General Alcibiades Britez to provide police protection a couple of policemen patrolled the studios and the transmission plant for a few days. Later on, however, they received unexpected orders to return to their respective police precincts.

I am wondering whether I should go on the air on New Year's Eve because I fear that criminals might break all my equipment, Rubin said.

The director of radio Nanduti reported that unidentified individuals constantly call his house or his office to make offensive remarks about his Jewish ancestry, or to relate it to his alleged friendship with the communists.

Rubin also said that the local press has isolated him completely, and has refused to publish any of his paid adds, no matter how short. He emphasized, however, that the people support him and attend the festivals that the Catholic parishes organize to collect money to pay his staff, which is made up of some 70 people. He recalled that last week, he was given an ovation by some 2,000 persons--most of them poor people--who were attending the solidarity festival being held at the Trinidad Church.

Rubin concluded by saying that his reporters are being harassed and that one of them has already been detained and tried by the Paraguayan Courts under unprecedented charges based on a false police report.

/12913

CS0: 3348/169

BRIEFS

NEW JOURNALISTS UNION CREATED--At an assembly on Sunday 21 December, the National Press Workers Union (UN-TP) was created. The UN-TP will include employees from all departments of newspaper publishing houses and news agencies. The executive board, headed by Secretary General Ezequiel Colman Llanno, will now seek the legal recognition of UN-TP by the Justice and Labor Ministry. [Summary] [Asuncion HOY 24 Dec 86 p 11 PY] /12913

CSO: 3348/169

## AGRICULTURE, TOURISM SET RECORD GAINS IN 1986

Port-of-Spain DAILY EXPRESS in English 29 Dec 86 p 5

[Text]

CASTRIES, St. Lucia, Sunday, (CANA)—1986 saw St Lucia's vital foreign exchange earners tourism and agriculture set new performance records, construction continued apace and St Lucians waited for a general election date that didn't come.

Despite the obvious preparations for the poll — which must be held by next August at the latest — Prime Minister John Compton kept his opponents guessing about the date.

The two opposition parties, the St Lucia Labour Party (SLP) and the Progressive Labour Party (PLP) in fact found themselves at loggerheads over a PLP proposal that they should join forces to fight Compton's United Workers Party (UWP).

When the year opened, Prime Minister Compton promised St Lucians a "busy and exciting" 1986, with a massive construction programme in various sectors to generate employment and provide additional infrastructure, and while not all that was promised was delivered, it was a busy 12 months.

With the island's tourist industry flourishing, a spanking new EC\$10.5 million cruise ship tourist facility was completed and opened in the Castries Harbour, a project that government officials promised would greatly enhance the island's already high profile as a tourist destination.

For the first time this year, visitor arrivals (both air and sea) were rushing to top the 200,000 mark, thanks mainly to a more than 100 per cent increase in both the number of passengers and cruise ship calls.

With the opening of the Point Seraphine Complex, financed largely with a Caribbean Development Bank (CDB) loan, St Lucia was poised to score further successes in that vital sector of its economy in the coming years.

Long stay visitors were projected to register a 16 per cent increase this year - 110,000 as against 95,000 last year - while another 120,000 passengers will have arrived by sea compared with 55,000 last year.

The important Banana Industry, which once single-handedly held St Lucia's economy together, performed beyond expectations, even in the face of the traditional weather disasters.

Production was moving to exceed 100,000 long tons, eclipsing last year's 80,000 tons, which was itself the highest in the industry's previous 16 years.

With exchange rates for the pound sterling higher than they had been for some time, it meant that the island's 11,000 banana growers enjoyed the best returns for their exports to the British market since the trade started more than 30 years ago.

Agriculture generally was a success story for St Lucia. The island reported self-sufficiency in eggs, honey, fish and vegetables, and was well on the way to satisfying its demands for beef and mutton as well.

During the year, the Ministry of Agriculture embarked on a programme of import substitution in an attempt to reverse a spiralling Food Import Bill that hovered around the EC\$70 million mark annually.

St Lucia also stepped up its exports of fruits and vegetables opening up new markets in the Caribbean, Europe and North America.

Several major construction projects were started. In Castries, work began on two high-rise office blocks for the government and the National Insurance Scheme (NIS), expected to cost together EC\$21 million.

In the southwestern town of Soufriere, a project to tap the geothermal energy resources of the bubbling sulphur springs as a future source of cheap electricity got off the ground with the United States and the United Nations putting up EC\$4.5 million necessary for the preliminary exploratory works.

Construction started too on a EC\$30 million highway linking Castries to Soufriere, a distance of 26 miles, and elsewhere road works were in progress using funds from a number of overseas sources.

In March, Prime Minister Compton presented a record EC\$232.6 million fiscal budget with generous relief in income tax, including the removal of some 2,000 names from the personal income tax roll.

The measure, Compton said, was being taken against the backdrop of the economic recovery that was in evidence and the government's view that St Lucians were "taxed to the threshold."

But despite the recovery — St Lucia's economy declined drastically during a period of political instability here earlier in the decade — Compton saw the need for continuing attempts to control the high cost of government operations.

Particularly, he complained about the rising cost of salaries for public servants, which he said had doubled in the past five years to EC\$88 million in the 1985-86 year.

Compton was highly critical of the public service unions whom, he said, were still agitating for more money. He complained that "certain elements" in the public services continued "to make demands which are completely unconscionable and which they know very well cannot be met without grave consequences to the economy in general which will hurt everyone."

The clash came when the government, in an attempt to avoid payment of backpay to its workers on their last collective agreement, took the step to unilaterally change the effective date of the pact on the grounds that the country could not afford the extra EC\$3 million involved.

If there was that sort of money around, Compton argued, it should be used firstly for the benefit of rural St Lucians — particularly farmers and factory workers — who were responsible for the improved state of the country's economic fortunes, but who lacked health facilities, roads and schools; not those who were already among the best paid public service workers in the region.

For several months, a government-appointed team negotiating with the unions failed to find a solution to the impasse, the unions refusing any sort of compromise.

Finally, with Christmas off, Compton obtained parliamentary approval to raise a commercial bank loan to pay what he said was the government's final offer to the unions: settlement of 75 per cent of the backpay. The unions conditionally went for it.

Government found itself in another major controversy, this time with the business community over the question of work permits for foreigners coming here — a matter which, according to Chamber of Commerce President Ferrel Charles, remained unresolved.

In April, the Chamber released an eight-point plan which it had put to the government calling for reforms that would tighten up the system in St Lucians' favour. The move came at a time of mounting public concern over the manner in which permits were being granted.

/9274  
CSO: 3298/087

## BRIEFS

WAGE FREEZE OFFER--Castries, Friday (CANA)--Public sector trade unions today pledged a nine-month pay freeze and "moderate" increased for 1987 in exchange for full payment of more than \$3 million (EC) in back pay for civil servants. But Prime Minister John Compton insisted that government would pay only 75 percent of the amount. The Committee of Trade Unions, which is negotiating on behalf [of] public sector workers in the longstanding dispute, has called for the arrears to be paid before the next general elections due by next August. Union representatives said they found government's latest offer of three-quarters of the back pay unacceptable. The Compton administration has previously said it cannot afford the full amount. The unions said they are prepared to extend the life of the old collective agreement which expired on March 31 to December 31, effectively meaning a nine month freeze on salaries and allowances. The committee also proposed that the new collective agreement should begin January 1. They said new negotiations should commence on January 5, and would be concluded within one week. [Text] [Port-of-Spain DAILY EXPRESS in English 20 Dec 86 p 15] /9274

CSO: 3298/087

CABINET OFFICIAL SAYS NO HELP WILL BE SOUGHT FROM IMF

Port-of-Spain DAILY EXPRESS in English 3 Jan 87 pp 1, 3

[Article by Andy Johnson]

[Text]

**DESPITE** the depleted state of the nation's finances, the Government will steer clear of falling into the debt trap or approaching the International Monetary Fund (IMF) for any financial bail-out.

Eugenio Moore, a member of the newly appointed Status of Finances Committee, made this declaration Wednesday.

In an interview with the *Express* at the Prime Minister's Office, Whitehall, Port of Spain, Moore, 51, whose new job is Economic Adviser to the Cabinet, said, "we have to use all of our intelligence, our spirit of creativeness. We must avoid either the debt trap or going to the IMF for solutions to our problems, for all the obvious reasons."

"We cannot subject the people of Trinidad and Tobago to that kind of scenario. Look at the problems of Jamaica and the IMF. Look at Brazil and Mexico and their problems with the massive debts they built up."

"I think we have the resources to avoid those pitfalls," he said.

On the financial management of the country, Moore said it was possible that some of the recommendations from the comprehensive Demas Task Force Report, commissioned by the Chambers administration, could be integrated into his committee's work.

"It is a question of first taking stock of where we are and then deciding how much can be done and what can be

salvaged (from that report)." He said the report, entitled "*The Imperatives of Adjustment*", contained a number of important proposals for the country, "but in many cases they were implemented on a piece-meal basis and that caused a lot of problems."

Asked to elaborate, he spoke of the fact that the previous government went ahead with a number of massive capital expenditure projects. In at least one of those, the Mt Hope Medical Sciences Complex, Moore said, "now that it is completed, the crucial question is to equip and operate it."

The Status of Finances Committee submitted an interim report to Prime Minister, A.N.R. Robinson on Wednesday, pointing out the precarious state of the country's finances. The report said the Treasury was virtually empty and highlighted the drastic decline in foreign reserves in the last 12 months.

Moore said Wednesday that the committee will receive more instructions from the Cabinet and continue its work towards the formulation of the 1987 Budget, which has to be prepared by the end of this month.



# DECLINING FOREIGN EXCHANGE RESERVE HURTS ECONOMY

Port-of-Spain TRINIDAD GUARDIAN in English 30 Dec 86 p 1

[Article by George Harvey]

[Text]

**RAPIDLY** dwindling foreign exchange reserves have put the national finances of Trinidad and Tobago in a precarious position. External assets held by the Central Bank have plunged from \$1,568.5 million in August this year to \$618.09 million up to mid-December.

This excludes \$307.1 million in gold subscriptions and special drawing rights with the International Monetary Fund (IMF).

The drop in monetary reserves is causing deep concern in the business and financial community. A financial marketing analyst explained yesterday that losses from August this year had averaged \$35.6 million weekly, "and should the trend continue our foreign exchange stock will run out in 18 weeks around the end of April next year."

## Paid Quarterly

Foreign reserves topped the \$7,000 million mark in 1981.

The analyst added that the present situation will improve if oil prices stabilise at US\$18 a barrel, but since oil revenues are paid quarterly, in March, June, September and December, improvement will not show itself until the first quarter of 1987.

The present foreign reserves balance of \$618 million for day-to-day transactions is expected to increase by some \$200 million when oil revenue payments are recorded for the end of 1986.

The analyst said that while hopes of recovering foreign exchange losses hinged mainly on increased oil prices, "this could not be relied upon as it depended on whether or not the Organisation of Petroleum Exporting Countries (OPEC) stick to their tenuous agreement."

He said if the oil prices did not firm up at a higher price, a "lot of painful steps" will have to be taken under a new foreign exchange control regime, including further cuts in funds for overseas travel and imports of goods.

He said, "The situation is very serious and could also lead to a further devaluation of the Trinidad and Tobago dollar to stem the tide, along with increased foreign loans."

A banking official had a gloomier outlook foreseeing foreign exchange reserves being depleted by February in spite of increased oil prices. "My own analysis is that we have reached a dangerously low level which earlier this year dropped to under \$600 million. Government has been fortunate in getting moratoriums on capital repayments on overseas loans and only paid the interest initially. Now some of the capital repayments are due and may well be swallowed up by any increased revenue from oil."

He pointed out that foreign reserves stood at nearly \$3,000 million when the TT dollar was devalued in December last year.

A Government source said yesterday that the whole question of the nation's finances is being studied by the Status of Finances Committee headed by Dodridge Alleyne and including Central Bank Governor Dr Eunic Bobb.

/9274

CSO: 3298/088

# RESPONSIBILITIES OF MINISTRIES, OTHER OFFICES SPELLED OUT

Port-of-Spain SUNDAY EXPRESS in English 28 Dec 86 p 17

[Text]

INFORMATION Ministry issued a statement Wednesday, detailing the duties and responsibilities of each of the new 14 ministries created by the new government of Prime Minister, A.N.R. Robinson.

In several areas, duties and responsibilities have shifted from one ministry to another. The full listing is as follows:

- Attorney General and Minister of legal Affairs (Selwyn Richardson): Parliament; Legal Drafting; State Solicitor, Public Trustee; Official Receiver; Registrar General; Custodian of Enemy Property; Administrator-General; Quasi-judicial bodies; Rent Assessment Boards; Litigation.

- External Affairs, International Marketing and Tourism (Basdeo Panday): Caribbean Community Affairs; Overseas Missions; Tourism; External Marketing; Commerce; Export Promotion; Immigration; Customs and Excise; Citizenship.

- Planning and Reconstruction-Social and Economic Planning (Winston Dookeran): Urban and Regional Planning; Manpower Planning; Research and Development; Science and Technology; Reconstruction and Restructuring; Project Analysis and Technical Co-operation; Valuation.

- Works, Settlements and Infrastructure-Housing, Land Settlement (John Humphrey): Roads, Drainage and Irrigation; Maintenance; Buildings; Urban and Rural Development; Public Utilities.

- Food Production, Marine Exploitation, Forestry and the Environment (Lincoln Myers): Agriculture; Fisheries; Forestry; Land Utilisation; Lands and Surveys; Food Production; Marine Resources; Food Marketing; The Environment.

- Energy (Kelvin Ramnath): Energy; Quarries; Natural Resources.

- Labour, Employment and Manpower Resources (Dr Albert Richards): Labour Inspectorate; Trade Disputes; Trade Unions; Wages Councils; Labour Education; Manpower and Employment; Incomes and Prices Policy; Elec-

trical Inspectorate; National Insurance; Consumer Affairs.

- Education (Clive Pantin): Primary Schools; Secondary Schools; Teacher Training; Technical Institute; University Education; Library Services; Schools Broadcasting; Industrial Schools (and Orphanages).

- Health, Welfare and the Status of Women-Medical Services (Dr Emmanuel Hosein): Public Health Services; Hospitals; Health Education; Nursing Council; Nurses' Training; Nutrition Services; Food and Drugs; Family Planning; Insect Vector; Para-medical Services; Charitable and Voluntary Services; Public Assistance; Old Age Pensions; Homes for the Aged; Food Stamps; Mount Hope Medical Complex.

- National Security (Herbert Atwell): Defence Force; Police Service; Fire Service; Public Order; Public Safety.

- Youth, Sports, Culture and the Creative Arts (Jennifer Johnson): Sports; Youth Affairs; Creative Arts; Carnival.

- Industry and Enterprise (Ken Gordon): Management Development; Industrial Development; State Enterprises; Standards; Metri-cation; National Computer Agency; Small Business; Co-operatives and Credit Unions; Self-help; Occupational Safety and Health.

- Finance and The Economy (A.N.R. Robinson): Subventions; Finance; Budget; Inland Revenue; Audit; Loans; Consolidated Fund; Special Funds; Investment-Aliens; National Lottery; Government Investments; Banking; Localisation; Capital Repayments; Divestment; Pensions and Gratutities; Borrowings-Local and Foreign; Post Office Savings Bank; Central Tenders Board; National Insurance Board-Investments; Economic Management.

- Office of the Prime Minister: Cabinet; Constitutional Matters; National Awards; Public Holidays; Chaguaramas Development Authority; Information; Decentralisation; Public Administration.

/9274

CSO: 3298/088

MARTINEAU DENIES 'ANGRY WALKOUT' OF PNM OFFICIALS

Port-of-Spain DAILY EXPRESS in English 3 Jan 87 p 2

[Text]

**PEOPLE'S National Movement (PNM)** vice-chairman Russell Martineau has denied that he and deputy political leaders Errol Mahabir and Kamaluddin Mohammed left a party Central Executive Committee meeting in annoyance on Tuesday.

The committee reportedly met to consider the appointment of six Opposition senators, among other matters, and a subsequent report on the meeting said Martineau, Mahabir and Mohammed "walked out in anger."

Martineau, Attorney-General in the former government, told the *Express* on Wednesday that he and Mahabir had left the meeting since they felt they did not wish to prejudice Opposition Leader Patrick Manning's choice of senators.

Mohammed, it was explained, indicated

that Manning could call him and talk to him anytime.

Martineau explained that party chairman Francis Prevatt told the Central Executive meeting at Balisier House, the party's headquarters, that "in the question of the appointment of Opposition senators, the party has no real role."

But Prevatt added that there was no objection to party members discussing the issue.

"I made my contribution at the meeting," Martineau explained, "but felt I shouldn't take part in any further discussion of the matter."

Afterwards, he, Mahabir and Mohammed left the meeting.

Martineau noted that the Constitution of Trinidad and Tobago stated that the Opposition Leader should advise the President on the appointment of Opposition senators.

Section 40(b) of the Constitution says six senators "shall be appointed by the President acting in accordance with the advice of the Prime Minister."

The PNM party constitution, Martineau added, allowed for limited consultation with the party on this matter.

Party officials have explained, however, that since the PNM had never been in opposition before, there had been some discussion as to exactly what the procedure should be, though the PNM party constitution was quite clear on it.

/9274

CSO: 3298/088

ROBINSON RETURNS; TOBAGO TO GET DEEP-WATER HARBOR

Port-of-Spain DAILY EXPRESS in English 29 Dec 86 p 1

[Article by Compton Delph]

[Text]

**TOBAGO will get its deep-water harbour and an extended runway at Crown Point Airport, two facilities upon which the development of the island's tourism industry depends heavily.**

This was the pledge made by Prime Minister A.N.R. Robinson at his first public appearance before a "hometown" crowd since he assumed office as head of the new National Alliance for Reconstruction Government.

He was speaking to a "sellout" crowd at Roxborough Library Saturday night, after spending a relatively quiet Christmas with his family at his mother's home, Main and Robinson Streets, Scarborough.

The Prime Minister returned to Tobago by National Security helicopter on Christmas Eve, and was greeted at the airport by his Tobago parliamentary colleague, Pam Nicholson, and House of Assemblyman Hochoy Charles, at the head of a small band of party members and supporters. And his appearance at Roxborough Saturday night was his first chance to thank his Tobago East constituents for voting him into Parliament on December 15.

In a short address, aimed mainly at thanking his supporters, the Prime Minister nevertheless referred to the wastefulness of the People's National Movement administration which, he said, could have spent millions on the financial complex in Port of Spain,

while Whitehall, seat of the country's Prime Minister, was in a state of delapidation.

On assuming office, the Prime Minister had called in the media to show them the state of disrepair in which he had found Whitehall and announced that alternative accommodation would have to be found for that office while renovations and repairs were carried out.

And yesterday, Robinson headed a victory motorcade which covered the island, taking in first his own Eastern constituency, as far as Charlotteville. The Prime Minister travelled in his well-known, not exactly battered "jeep", probably the best known vehicle in all of Tobago, while his official chauffeured car, with security personnel in another, fell in line behind. As in the case of the motorcade the Sunday before election day, there was every conceivable type of vehicle in the victory parade, with open trucks and pick-ups, crammed with drum-beating, celebrating supporters.

By three in the afternoon, when the motorcade passed back through Scarborough for the swing through the western parts of the island, the number of vehicles had more than trebled with many, many more waiting along the way to join the celebration.

The day's programme climaxed at the Scarborough Market Car Park.

/9274

CSO: 3298/088

TRINIDAD AND TOBAGO

BRIEFS

GORDON APPOINTMENT PROTEST--The National Joint Action Committee (NJAC) has called for the withdrawal of the appointment of Ken Gordon as a minister and senator under the new National Alliance for Reconstruction (NAR) Government. "NJAC believes that this appointment is too glaring a conflict of interests in that Mr Gordon is not only the Managing Director of Trinidad Express (Newspapers) but also has considerable interests in the national media of almost every state in the English-speaking Caribbean," an NJAC statement said. NJAC said the objectivity of the local media would be compromised by such an appointment. NJAC suggested the matter be taken to the Caribbean Press Council for discussion and adjudication. [Text] [Port-of-Spain SUNDAY EXPRESS in English 28 Dec 86 p 2] /9274

CSO: 3298/088

END

**END OF**

**FICHE**

**DATE FILMED**

FEB. 17, 1987